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## Near East/South Asia Report

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PRIVATE SECTOR ROLE IN ECONOMY EXAMINED

Paris MAGHREB-MACHREK in French Jul-Sep 86 pp 102-119

[Report by Jean Leca and Nicole Grimaud: "The Private Sector in Algeria"--boxed material as indicated]

[Text] The Algerian Government has always had a policy of utilizing its petroleum revenues to finance large-scale investments (which totaled between 33 and 40 percent of the GDP from 1970 to 1984); to maintain a high level of social expenditure, especially in the areas of education and public health and more recently (and with less success) in the area of housing; and to create a volume of employment (principally in the public sector) that is capable of containing, or absorbing, a level of unemployment estimated variously at 12 or 18 percent of the active population (which is mainly masculine). These three objectives still constitute one of the fundamental bases of the legitimacy of those who govern, even though the diminution of petroleum revenues threatens to compromise somewhat the attainment of these objectives. However, the economic deliberations begun at the FLN congress in June 1980 have sought to consolidate and flesh out the development process by freeing (under appropriate management) private initiative, and by attempting to open a new channel for the transfer of technology through the instrumentality of a partnership between foreign private capital and the Algerian state sector within the framework of well-defined projects.

The present report examines the debate concerning the private sector and provides some information concerning the projected formation of mixed companies. This project--which is going forward slowly--relates only to the private sector that exists within Algeria proper. Algerian entrepreneurs and investors abroad are not studied.

I. A New Policy Developed in 1981

The sixth session of the FLN Central Committee, held in December 1981, was the point of departure for a new approach to the question of domestic private capital. An in-depth study was made in the light of two reports compiled under the auspices of the Economic and Social Commission of the Central Committee. One report evaluated the importance of this sector in the light of the statistical data for 1979; the other report--thanks to a synthesis of the reports of the Mouhafadhate--provided an insight into the views (expressed with reticence) of the party membership.

Although it is acknowledged that artisans and small tradesmen play a very important role in satisfying the needs of the community and should therefore be encouraged, the problem is to be found instead at the industrial level. Private industry, however--described as small (often family-owned) enterprises more than one-third of which employ fewer than five workers in their chosen field, that of light industry--remains unreliable and subject to criticism. The report does, on the other hand, offer excuses for this sector--including, among other things, the lack of a suitable legal framework (Footnote 1) (The 1966 investment code was outmoded, and its regulations were often ignored) and the absence of any economic statute recognized at the national level--a circumstance that may explain the flight of investment capital toward risk-free kinds of activities.

That FLN Central Committee session of December 1981 produced a doctrine--contained in a lengthy resolution pertaining to the role and place of the domestic private sector--that sounded much more positive than the passage on the same subject that appeared in the 1976 Charter.

The outside observer finds it difficult (Footnote 2) (According to the valuable--but somewhat outdated--study by J. Peneff, "Algerian Manufacturers," Paris, CNRS [National Center for Scientific Research]-CRESM, 1981) to obtain a concrete idea both of the different types of entrepreneur and of their state of mind. One cannot easily group the "lemonade and pizza" enterprises (REVOLUTION AFRICAINE, 12 September 1985, cf below) together with those that manufacture hydraulic pumps, or those that employ five people (the great majority) with those that employ from 200 to 500. The 26,000 private employers of the nonagricultural sector are not a homogeneous group. As for the industrial sector, a short article originating with the CREA (Center for Research in Applied Economics) (Footnote 3) (Djillali Liabes, "Enterprises, Entrepreneurs, and Industrial Middle Classes in Algeria: Several Principles for a Sociology of 'Entrepreneurship,'" in CAHIERS DU CREA, No 1, first quarter 1984. See also, by the same author, "Private Capital and Industrial Employers in Algeria, 1962-1982," Algiers, CREA, 1984) very fortunately lifts a corner of the veil. It points to "a seeming obsession: the manufacturer--the employer--demands his place in the community, of which he is a member with the same standing as all those who work for the general welfare." Since 1979-1981 he has felt himself rehabilitated both politically and morally; he believes himself to be capable and ambitious, and dynamic enough to recruit some of the government's middle-level personnel, to whom it offers attractive salaries. Evidence of this state of mind was the creation, in late 1982, of a National Committee of Representatives of Private Enterprise, composed of masonry-and-concrete contractors who collaborate with the public sector in substituting for foreign enterprises whenever possible. It is a fact, moreover, that the private manufacturer is viewed today as a potential exporter (Footnote 4) (Private companies such as GRANITEX (additives for building materials) and PROFILOR (shelving, metal saws) have already established themselves in the Arab and African markets. Cf "Private Sector: At the Crossroads," in AFRIQUE-ASIE, 20 April 1986), a role for which he is insufficiently--or badly--prepared in proportion as the strong demand emanating from a protected and expanding domestic market has provided no incentive for the entrepreneurs to turn to foreign markets. A private sector whose prices are not very competitive on Third World markets--a private sector

that has strong competition from the new industrial nations, receives little help in the form of export subsidies, and has difficulty supplying itself in a flexible and prompt manner with raw materials, semifinished products, and spare parts because of the state monopoly over foreign trade--is indeed far from living up to the ideal concept of a private export sector.

As we shall see, the debate concerning the interpretation to be placed on the role--the desirable and substantial role--of the "private sector" is as lively as the debate concerning the empirical evaluation of the importance and structure of that sector. Without citing the documents that fueled the party's discussions at the time of its congress of December 1985, one should above all call attention to the authoritative studies by CENEAP (National Center for Study and Analysis in Planning). (Footnote 5) (CENEAP, 10 Route Nationale, Birkhadem, Algiers produces primarily mimeographed reports for clients (cabinet ministries) who have commissioned such studies. It also publishes a magazine in French and Arabic, one issue of which was devoted to "Private Industry in Algeria" (LA REVUE DU CENEAP, No 2, June 1985))

## II. Role of the Private Sector

### A. The Private Sector in Production in 1982

The most recent data supplied by the Ministry of Planning are contained in the "Statistical Yearbook of Algeria 1982" (1984 issue). They enable us to obtain an idea of the role of the private sector at the time of the elaboration of the August 1982 law regulating that sector. The private sector's estimated share of the overall gross value added is as follows: for agriculture, 82.8 percent (Unnumbered footnote) (In terms of volume of production, the distribution between the private sector and public sector is appreciably different. The high figure for agriculture is explained by the fact that the private sector predominates in respect to those types of production that have a high value added, namely truck gardening and stock raising); industry (except hydrocarbons) 23.3 percent; BTP [construction and public works], 28 percent; transportation 22.8 percent; commerce 63.8 percent; and services 78.3 percent.

Overall, the private sector in 1982 contributed 27.42 percent of the GDP. The very important part that it plays in the agricultural economy (despite the fact that the best lands are included in the socialist agricultural sector), in services, and in commerce should be noted.

The more detailed analysis submitted by A. Amirouche concerning the role of the private sector in gross fixed capital formation [FBCF] (investment) and in value added enables one to obtain an idea of the contribution made by this sector and of the hard blows and constraints it has experienced:

### B. The CENEAP Analysis

"...A comparison of the FBCF with the employment figures, on the one hand, and with the value added shows that in 1981 the private sector--with a 2.3 percent share of the FBCF--employs 25.78 percent of the active industrial work force and produces 33.6 percent of the value added. (Footnote 1) ("Statistical

Yearbook of Algeria 1980 and 1981," MPAT [Ministry of Planning and National Development]) This disproportion is even greater in the food and textile branches. In the same year, agro-food--with a 4 percent share of the FBCF--accounted for 34 percent of all employment and produced 57.4 percent of total value added. Textiles--with a 6.5 percent share of the FBCF--counted for 45.1 percent of all employment and produced 51 percent of total value added.

"Several hypotheses can be postulated to explain this situation, the causes of which derive not only from the low level of productivity achieved in the public sector but also from the opportunity that private enterprises have to practice 'free' prices in the absence of any state control. This 'monopoly income'--realized in the arena of the marketplace--is also accompanied by a policy of 'compressibility' of production costs that is made possible by the low prices for the transfer of the raw materials and producer goods acquired from the public sector. (Footnote 2) (See, for example, the work by A Benachenhou: "The Algerian Experience in Planning and Development 1962-1982," OPU) For example, the price paid by private companies for a kilogram of SONIC [National Cellulose Industries Company] paper was 4.5 DA [Algerian dinars] in 1980--the price having remained unchanged since 1974--whereas the price charged on the 'free' market in the same year was 10 DA, representing a 5.5 DA transfer of value per kilogram of paper. (Footnote 3) (B. Semmoud: "Growth of the Private Industrial Sector in Algeria Vis-a-Vis the State Sector," in "Canadian Review of African Studies," No 2, 1982)

"Another (and more instructive) example of a transfer of value--and also of the compression of the costs of private production--is the purchase by the private sector of its electric power, which has been calculated at 88 million DA for the year 1977. (Footnote 4) ("Energy Policy and Electric Power Production in Algeria," a collective work under the editorial direction of S. Khennas, CREA, 1982) Likewise, the virtual absence of any social expenses--together with the 'freedom' to choose the system of remuneration (Footnote 5) (In 1981, remuneration in the private sector was paid 43 percent on a monthly basis and 57 percent on an hourly basis; in the public sector the corresponding figures were 81 percent and 19 percent. (From Statistical Yearbook of Algeria, No 1, 1984)) and therefore to choose the type of employment offered--are factors that serve to reduce the production costs of private enterprise. Lastly, the very low production costs borne by the private sector also derive from the role it plays in industries that perform the final stage of a manufacturing process. (Footnote 6) (See the article by S. Ait El-Hadi: "The Conflict/Cooperation Between Public Technocracy and Private Bourgeoisie With Respect to Industrial Development in Algeria: The Case of the Textile Industry," in "The Developing World." This author demonstrates that in the textile industry there is a "polarization of the activities of each of these sectors. The public sector basically specializes in the first stage of textile manufacture..., whereas the private sector--relatively speaking--specializes in the second stage..." Cf the MIL [Ministry of the Interior and Localities] industrial survey for 1968-1969; the thesis of S. Ait El-Hadj [as published]; the report of the 1979 FLN congress; the report submitted to the FLN ad hoc committee in 1981; the 1974 AARDES [Algerian Association for Demographic, Economic, and Social Research] footwear survey; the AARDES study of private industry for 1974-1975; and M. Boukhobza: "Disparities Between Income and Purchasing Power," INEAP, 1981)

Table 1. Domestic Production From 1979 to 1982, By Type of Economic Activity in Public and Private Sectors  
(in millions of current DA)

	1979			1980			1981			1982		
	Public	Private	Total	Public	Private	Total	Public	Private	Total	Public	Private	Total
Gross value added												
Agriculture	2 622.1	8 153.8	10 775.9	2 736.0	10 187.3	12 923.3	3 144.6	13 108.6	10 253.2	2 756.9	13 350.2	16 107.1
Industries (except hydrocarbons)	10 033.3	3 536.7	13 570.0	11 985.0	3 989.1	15 974.1	14 257.1	4 481.0	18 738.1	16 396.6	4 992.0	21 388.6
Hydrocarbons	27 348.6	6 186.1	33 534.7	41 640.3	9 551.0	51 191.3	58 582.8	580.0	59 162.8	60 400.6	230.1	60 630.7
GDP (including tankers)	13 310.7	4 809.1	18 119.8	14 858.9	5 338.6	20 197.5	16 539.5	6 265.5	22 805.0	10 019.9	7 411.8	26 431.7
Transportation	4 588.4	1 376.1	5 964.5	5 173.7	1 630.3	6 804.0	5 540.8	1 700.8	7 241.6	5 981.1	1 771.7	7 752.8
Communications	761.7	-	761.7	885.7	-	885.7	1 042.4	-	1 042.4	1 128.4	-	1 128.4
Commerce	5 852.5	10 937.1	16 789.6	6 556.7	12 418.9	18 975.6	8 146.8	14 528.1	22 674.9	9 391.2	16 574.9	25 966.1
Services	994.7	4 109.9	5 104.6	1 202.5	4 733.2	5 935.7	1 361.4	5 181.7	6 543.1	1 558.8	5 654.0	7 212.8
Subtotal	65 512.0	39 108.8	104 620.8	85 038.8	47 848.4	132 887.2	108 615.4	45 845.7	154 461.1	116 633.5	49 984.7	166 618.2
Single comprehensive tax on production	-	-	6 072.0	-	-	7 899.4	-	-	10 689.3	-	-	11 763.4
Customs duties	-	-	2 514.4	-	-	2 917.0	-	-	4 263.3	-	-	3 891.0
Gross domestic production	-	-	113 207.2	-	-	143 703.6	-	-	169 413.7	-	-	182 272.6
Consumption for production	43 597.3	18 811.7	62 409.0	53 149.6	21 075.1	74 224.7	67 623.9	23 516.5	91 140.4	76 312.0	24 997.5	101 309.5
Total gross production	-	-	175 526.2	-	-	217 928.3	-	-	260 554.1	-	-	283 582.1

Source: MPAT, "Statistical Yearbook of Algeria," 1982, published 1984.

"All these factors offer good conditions for the accumulation of private capital; make 'good' performances possible with respect to the ratio between invested capital and realized profits; and end up by fictitiously 'inflating' the levels of value added. This accumulation is not accomplished without constraint, however; quite the contrary. The condition of the production capital (state of deterioration, maintenance, technological mastery...) sometimes constitutes a serious obstruction to the activity of the private enterprises."

### C. Role of the Private Sector in Employment

The number of private nonagricultural jobs in 1982 was estimated by A. Bouzidi at 676,747 (Footnote 6) (Abdelmadjid Bouzidi: "Employment and Unemployment in Algeria 1967-1983," in CAHIERS DU CREA, No 2, second quarter 1984, pp 57-76) for an active population of approximately 4.4 million.

Table 2. Evolution of Private Nonagricultural Employment 1979-1982

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Industry	118,340	119,754	120,114	120,500
BTP [Construction and Public Works]	160,334	162,111	170,925	180,383
Transportation	58,000	66,476	70,985	72,485
Commerce	<u>284,000</u>	<u>286,996</u>	<u>292,975</u>	<u>303,373</u>
Total	620,674	635,337	654,999	676,747

It is not without interest to contrast the evolution of public employment from 1967 to 1982, according to Bouzidi's calculations:

Table 3. Public Employment as a Share of Total Employment, by Sector of Activity (in percentages)

<u>Sector of Activity</u>	<u>1967</u>	<u>1977</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Agriculture	28.21	35.13	31.90	31.86	31.45	31.25
Industry	42.32	67.51	70.52	72.24	73.82	74.27
Construction and Public Works	41.26	62.31	63.31	65.39	66.07	67.33
Commerce and services	20.22	49.17	39.54	41.04	42.16	43.94
Transportation	71.17	68.03	54.01	51.56	50.68	51.08
Total (including civil service)	48.62	56.03	57.57	58.91	59.91	60.33

Table 4. Evolution of Relative Importance of Sectors of Activity in Public Employment

	<u>1979</u>		<u>1980</u>		<u>1981</u>		<u>1982</u>	
	<u>Personnel</u>	<u>%</u>	<u>Personnel</u>	<u>%</u>	<u>Personnel</u>	<u>%</u>	<u>Personnel</u>	<u>%</u>
Agriculture	309,172	17.79	308,702	16.62	302,848	15.42	300,000	14.38
Industry	283,088	16.23	311,684	16.78	338,231	17.22	347,846	16.68
Cstn-Pub Wks	276,675	15.92	306,387	16.49	332,939	16.93	371,852	17.83
Commerce and services	253,855	14.62	270,599	14.56	286,576	14.57	313,507	15.03
Non-civil service	1,112,778	64.62	1,197,372	63	1,250,594	64.14	1,315,205	63.92
Civil service	615,000	35.38	660,000	45.55	705,000	35.86	752,000	36.08
Overall	1,737,788	100	1,857,372	100	1,965,504	100	2,085,205	100

More recent figures for an appraisal of nonagricultural employment in 1984 are provided in the General Report on the 1980-84 5-Year Plan. The report is included in the Document of Presentation of the 1985-89 Second 5-Year Plan (of the Ministry of Planning and National Development). This very concise document offers, among other things, the following table (Table 5):

Table 5. Nonagricultural Employment as of 31 December 1984 (number of jobs)

	<u>Overall</u>	<u>Employees</u>	<u>Employees in the Public Sector</u>
Industry	507,000	466,000	380,000
Construction and Public Works	663,000	632,000	457,000
Commerce, transportation, services	784,000	509,000	380,000
"Government"	842,000	842,000	842,000
Total	2,796,000	2,449,000	2,059,000

The above table makes it possible to deduce--from the figure for overall non-agricultural employment--the number of employees in the private sector and, by implication, the total of private nonagricultural employment, on the assumption that the nonemployees (the "independents") are not part of the public sector (cf Table 6).

Table 6. Private Nonagricultural Employment as of 31 December 1984 (number of jobs)

	<u>Overall</u>	<u>Self-employed</u>	<u>Employees</u>
Industry	127,000	11,000	86,000
Construction and public works	236,000	31,000	175,000
Commerce, transportation, services	404,000	275,000	129,000
Total	767,000	347,000	390,000

According to A. Bouzidi, the public nonagricultural sector in 1983 employed a total of 1.92 million persons--73 percent of overall nonagricultural employment (as against 70 percent in 1979)--and created, between 1980 and 1983, a total of 489,500 jobs as against 82,100 jobs created in the private nonagricultural sector. The public sector had accordingly created--during the period that preceded the decline in petroleum prices--approximately 86 percent of all new nonagricultural employment. In terms of the growth rate for each sector, the results are as follows: Private employment, 9 percent; public employment outside the civil service, 20 percent; civil service, 15 percent. The figures for 1984 supplied by the minister of planning do not invalidate these conclusions.

We have compared the growth of nonagricultural employment in two 3-year periods (1980-1982 and 1982-1984) (cf Table 7).

Table 7. Growth of Total Nonagricultural Employment 1980-1982 and 1982-1984 (in thousands of jobs)

	<u>1980</u> <u>(Bouzidi)</u>	<u>1982</u> <u>(Bouzidi)</u>	<u>1984</u> <u>(MFAT)</u>	<u>Growth</u> <u>1980-82</u>	<u>Growth</u> <u>1982-84</u>	<u>Rate %</u> <u>1980-82</u>	<u>Rate %</u> <u>1982-84</u>
Public employment							
(non-civil svc)	889	1,033	1,217	144	184	16.1	17.8
Civil service	660	752	842	92	90	13.9	11.9
Total public employment	1,549	1,785	2,059	236	274	15.2	15.3
Private employment	<u>635</u>	<u>676</u>	<u>737</u>	<u>41</u>	<u>61</u>	<u>6.4</u>	<u>8</u>
Overall total	2,184	2,461	2,796	277	335	12.2	13.6

According to the above table, the growth of public employment has shown a tendency to remain stable or to slow down, whereas the growth of private employment is developing slightly. It is nonetheless true that from 1982 to 1984 the public sector (including the civil service) was still creating more than 80 percent of all new nonagricultural jobs, and that it continues to account for more than 73 percent of all nonagricultural jobs. (Footnote 7) (By definition, this does not take into account any "informal" or clandestine employment phenomena)

These figures--as we can see--do not justify any excessive faith in the capacity of the private sector to create a significant number of jobs. It is true, on the other hand, that the private sector is skimming "off the top" of the pool of public sector middle-level personnel, while the public sector "enriches itself" from "the bottom up." This mobility is demonstrated by the following tables:

Table 8. Structure of the Mobile Employed Population, by Current and Former Field of Activity [FA] (in percentages)

Previous FA	Current Field of Activity							Total
	Agri-culture	Industry	C-PW	Transportation	Commerce	Services	Civil Svc	
Agriculture	44.87	6.95	22.65	4.24	6.80	3.24	11.25	100
Industry	10.82	40.24	15.91	7.57	8.03	5.10	12.33	100
Const-Pub Works	14.22	10.39	45.26	7.30	8.36	3.98	33.40	100
Transportation	7.14	11.84	10.53	49.06	5.34	7.23	8.86	100
Commerce	8.94	13.56	12.43	7.34	31.20	6.71	19.82	100
Services	5.80	12.52	11.92	8.62	9.89	38.01	13.24	100
Civil Service	5.20	10.66	10.57	5.20	6.44	4.75	57.18	100

Table 9. Structure of the Mobile Employed Population, by Current and Previous Legal Category [LC] (in percentages)

Previous LC	Current Legal Category						Total
	Civil Service	Public	Self-employed	Cooperative	Private	Mixed	
Civil service	54.11	27.79	0.56	0.20	16.36	0.98	100
Public	13.14	57.80	0.44	2.29	25.85	0.48	100
Self-employed	10.70	41.37	21.80	2.92	23.20	--	100
Cooperative	11.46	23.61	--	16.91	48.02	--	100
Private	12.63	33.62	6.87	9.04	37.46	0.38	100
Mixed	6.92	65.41	6.03	--	14.72	6.92	100

Table 10. Structure of the Mobile Employed Population, by Individual Status in Current and Previous Occupation

Previous Occupation	Current Occupation						
	Employer	Independent	Member of coop.	Permanent employee	Seasonal employee	Apprentice	Family helper
Employer	31.31	16.43	7.12	45.14	--	--	--
Independent	2.00	23.98	4.08	64.46	5.26	--	0.22
Member of coop.	--	--	41.11	58.89	--	--	--
Permanent employee	1.31	14.75	0.97	80.39	2.07	0.05	0.46
Seasonal employee	0.41	11.82	11.89	62.49	13.16	0.06	0.17
Apprentice	--	26.45	--	65.10	--	8.45	--
Family helper	1.50	50.56	--	39.79	7.01	--	1.14

Source of the three tables: A. Bouzidi, *op. cit.*, pp 74-75.

Here is A. Bouzidi's commentary on the above figures:

"...The following points can be highlighted on the basis of these figures:

"1. Approximately 28 percent of all personnel employed in the civil service chose to transfer to the public sectors of economic and social activity. The factor of better direct or indirect pay is certainly the most plausible explanation.

"2. Approximately 26 percent of public sector workers transferred to the private sector, which offers better working conditions, especially for workers of grades '6' and '5,' to whose training it has made no contribution.

"On the other hand, approximately 34 percent (principally unskilled workers) of private sector personnel transferred to the public sector, which offers them greater job security and better wages...."

#### D. Income of Private Entrepreneurs

This trend has been accompanied by a strongly divergent evolution of the overall volume of income from wages and salaries, on the one hand, and income derived from other sources, with the former having increased more slowly than the latter (in the documents of the Ministry of Planning, "self-employment" income--that is to say, income not in the form of wages or salaries--unfortunately groups together the income of self-employed workers, professionals, and employers).

It should be noted that this trend antedates the current movement in favor of the private sector (a circumstance that has the effect of relativizing certain of the social consequences of the movement). Simon-Pierre Thiery noted in 1981 that from 1967 to 1978, officially declared self-employment income increased to 14 billion dinars from 5 billion. (Footnote 8) (Simon-Pierre Thiery, "Adjustment Between Production and Social Demand in Algeria Between 1962 and 1980," in the colloquium, "The State and Industrialization in the Mediterranean Basin," Gresmo, Grenoble, June 1981, and "Employment, Training, and Productivity in Algerian Industry, in Chantal Bernard et al, "Job-Creation Policy in the Maghreb 1970-1980," Paris, CNRS [National Center for Scientific Research], 1982, p 191) Table 11 confirms this analysis for the most recent period.

Table 11. Evolution of Income from 1979 to 1984 (in billions of dinars)

	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>
	<u>1979</u>	<u>Forecasts</u>	<u>Result</u>	<u>Result</u>
	<u>(1979 DA's)</u>	<u>for 1984</u>	<u>in 1984</u>	<u>in 1984</u>
	(1979 DA's)	(1979 DA's)	(1984 DA's)	(1979 DA's)
Income from wages and salaries	40.5	65.0	76.6	51.4
Agricultural	2.5	3.0	7.0	4.7
Nonagricultural	25.0	42.0	43.5	29.1
Civil service	13.0	20.0	26.1	17.5
Income from other sources	18.0	25.4	45.0	30.2
Agricultural	5.5	7	11	7.3
Nonagricultural	12.5	18.4	34.0	22.8
Transfers	8.8	15.5	19.7	13.2
Gross resources of households	67.3	105.9	141.3	94.8
Disposable income	--	--	131.4	88.1
Consumption	56	84.6	121.7	81.6

Sources: Columns I and II: "Presentation of the First 5-Year Plan (1980-1984)," MPAT [Ministry of Planning and National Development], 1980.

Column III: "Report on the Results of the First Plan," in the "Presentation of the Second 5-Year Plan (1985-1989)," MPAT, 1985.

Column IV: Idem, using the index of consumer price increases established in the publication "International Financial Statistics" of the IMF and reproduced in the "Quarterly Economic Review, Algeria," yearly supplement for 1985, p 15. The calculations are therefore necessarily in the nature of rough estimates and subject to cautious interpretation.

The document of presentation of the second 5-year plan was probably correct in concluding: "During the time the preceding plans were in effect, the income of private entrepreneurs always evolved more rapidly than forecast, thereby fueling the inflationary tendencies and social inequalities." The latter will undoubtedly become all the more manifest because of the fact that nonagricultural wages and salaries have increased more slowly than forecast.

While taking the customary precautions regarding the qualitative interpretation of aggregate data, it is possible to advance the hypothesis that the private sector--which is being relied on to assist a state afflicted by a crisis of resources (and previously by a crisis of productivity)--has to date made a relatively small investment, created relatively few jobs, and made big profits. Having little political legitimacy and in an obviously precarious situation, the private sector has by way of compensation brought resources to the "entrepreneurs" (a large part of which has been contributed by the state). Will it agree to participate in the economic effort in return for more legitimacy?

### III. The Debate in 1985

The Algerian state appears to have taken this gamble in an effort to escape from the bottleneck created by the conflict between--on the one hand--economic rationality, which requires limitations on public employment, the mobilization of private savings, and increased labor productivity (Footnote 9) (The phenomena of the underground economy, dismissals, absenteeism, and mobility are intensified for industrial workers (see for example Nadji Safir, "Composition of the Collective Work Force in the Algerian Manufacturing Industry" and "Some Social Aspects of the Manufacturing Industry" in "Essays of Sociological Analysis," Vol II, Algiers, OPU-ENAL 1985, pp 191-218 and 219-266. An impressionistic glance at the civil service will convince one rather quickly, on the other hand, that the salaried employees are ahead of the workers in respect to practices of this kind. It is true that productivity in the civil service--which is more difficult to calculate--is not a distinctive characteristic of bureaucracies, and not just in Algeria), and on the other hand political rationality, which requires a continuing effort to distribute jobs, consumer goods, and social spending with a view to meeting the ever-increasing expectations of a population that is itself growing very rapidly. The most fervent arguments in behalf of the private sector to be offered by a member of the government apparatus are contained in an article published in the October 1985 issue of EL MOUDJAHID over the signature of the minister of light industry:

A. For a Modern Economy: Point of View of Messaoudi Zitouni (member of FLN Central Committee; minister of light industry)

(Following are excerpts from Zitouni article in EL MOUDJAHID, 14 October 1985)

"...Whether the cat be white or black, the important thing is that he catch mice.' A distinguished leader of a certain socialist country of the Third World used this eminently sage observation--this striking formula--to sum up the debate and undertake a profound economic reform designed to modernize his country and based solely on the criteria of effectiveness and profitability. But do we need this reference to remind us that the economic laws governing the production of wealth are universal and are independent of the political systems that govern this world? Where national policy does differ from one country to another is in the distribution of this wealth among the citizens. Here, too, the mechanisms of distribution 'to each according to his labor' or 'to each according to his needs' are well known and not susceptible to improvisation.

"But before wealth can be distributed, it must be produced in sufficient quantity, to ensure that each person's share is as large as possible. If one wishes to preserve present gains--in other words, enable each person to keep the same size slice of the pie as in the past--one must acknowledge that this will not be possible unless the pie is reconstituted and enlarged to account for the increase in the population--a circumstance that presupposes the mobilization of ever greater financial resources. The basic question therefore relates to the production of surpluses--except for hydrocarbons threatened with exhaustion--with a view to ensuring economic development over a long period and a continuing improvement in the living standards of the population. The fact is that in this domain the rules of the game are clear and are the same everywhere, whatever the dominant ideology....

"The national potential must be fully utilized. If one part of society is crippled--by preventing it from making a contribution, through its labor, to the nation's economic development--the national product is thereby diminished in the same proportion. Do we realize that all countries, including the socialist countries, have a private sector that produces goods and services and is sufficiently representative to figure in the national statistics? Do we also realize that every country in the world--including the capitalist countries--has a well developed state sector that controls all activities considered by these countries to be strategic? Do we also realize that all countries, socialist and capitalist alike, pay heed to the laws of the marketplace and institute economic planning that is advisory for some and mandatory for others? Do we know, moreover, that all countries protect their respective economies by means of barriers of all sorts--customs barriers, regulatory barriers, quotas--even those countries that preach free trade? And finally, do we realize that all countries seek economic independence, including those that tolerate private foreign investment while carefully taking steps to protect themselves against its excesses by establishing defenses and boundaries that it may not cross?

"Let us therefore avoid the extremisms on both sides, as well as dogmatisms that are not cognizant of the national and international economic realities. Those who defend these kinds of behavior are more concerned with safeguarding

their personal wealth than with the future of the nation. They accordingly do not want economic problems to be approached from the standpoint of effectiveness and profitability, for that would again call into question certain kinds of income derived from situations that are based on an outmoded political thesis--a thesis that confuses the end with the means and in the final analysis gives a debased idea of socialism.

"It must be repeated, each and every time, that there is no free lunch; it must be paid for with real work. The organization of the economy must be based on work and discipline, on positive and negative sanctions applied without complaisance, on strict respect for the hierarchy and for authority, and on the initiative and independence of all economic intermediaries, with the best of our nation's sons at the controls. In the factory, the only language should be that of production and productivity.

"The economy must be made less rigid by allowing the marketplace to play its role, and by entrusting to the plan the task of controlling the broad outlines of the economy while according priority to investment, in order to continue to protect the country from the evils of unemployment and the international payments deficit. It will be increasingly necessary to utilize--in place of administrative injunctions--the other instruments for regulating the economy, namely prices, credit, and the tax laws. Concurrently with the consolidation of the economic gains, it will be necessary to continue to protect the infant economy until it attains maturity, so that it will be able to hold its own against all competition.

"The total national potential--both public and private--must be mobilized under the direction of the party, because the struggle is fierce and the countries that are economically the weakest will be dominated by those that are the strongest. The danger is external, and for this reason it threatens the national independence and sovereignty...."

The most obvious element in the Zitouni article is not the newest element: the call for work and discipline has been an obligatory harangue within the context of the Algerian political discourse, at least since President Boumedienne. If this can be regarded as very important, it is because the private sector is henceforth an integral part of a plan that would like to put Algeria to work so as to solve "the fundamental question" of "the production of surpluses, except for hydrocarbons threatened with exhaustion." The criticism of the "parasitic private businessman" has apparently been suspended for the time being. This new thesis is modeled on the traditional ideology of national independence and a more just social distribution, according to the following outline:

<u>Requirements (decisions)</u>	<u>Justifications (values)</u>
<u>Economic Domain</u>	
"Efficiency and profitability."	Economics is a universal science.
Production must precede distribution.	"There is no free lunch." Everything must be paid for with labor.

### Economic and Social

Allowing the economic intermediaries to exercise initiative and independence.

The marketplace and incentive are better means for regulation than are administrative injunctions.

Mobilize ever-increasing financial resources.

Socially-oriented distribution in accordance with the norms of the welfare state.

### Foreign Policy

Utilize the entire national potential.

National independence and national sovereignty.

Protect the national economy.

### Policy

Party leadership.

"The best of our nation's sons" are at the controls.

The almost contemporaneous article entitled "A Necessary Clarification," published by the party's official weekly newspaper, places even more emphasis on the primacy of the state in the area of development. It identifies to some extent two private sectors: the "good" sector, which presumably mobilizes savings and helps to improve living standards, and the "bad" sector of merchants and speculators (opposed to the idealized conception of "the austere Puritan spirit of the Western bourgeoisie of the 19th century"). This "bad private sector" is obviously presented as completely extraneous to the political power, but at the same time as the product of the action of the state and its financial "irrigation."

#### B. A Necessary Clarification

Following are excerpts from an article by Ahmed Belaid in *REVOLUTION AFRICAINE*, 6-12 September 1985, pp 25-26:

"...The private sector, in our country, does not constitute a class but does appear to show signs of wanting to make itself a dominant faction that has very special interests. It in no way had its origin in the political power, has no legal claim to representation, and is specified in the National Charter only in the context of nonexploitative enterprise. If in recent years it has to some extent experienced a revival, that is basically because the political power has wanted to associate it more closely with the economic effort necessary to the nation's development while offering it significant advantages and guarantees....

"But the political power has apparently not been recompensed, and these guarantees and advantages no longer seem to be supplying the incentive hoped for by the state.

"The private sector has remained mercantile and speculative, devoid of the austere Puritan spirit of the Western bourgeoisie of the 19th century--the

spirit that was the creative dynamic of the powerful industrial plant of these Western countries, which have today become technologically very advanced....

"One will search in vain, in our country, for private entrepreneurs who are innovators--who take risks, striving to make their mark while respecting our laws and our citizens. The principal concern of the private sector is to benefit from all the freedoms while requiring, from the state, complete guarantees to the exclusion of all controls. We have determined, however, that within the framework of the existing laws the private entrepreneurs could participate extensively--and more intensively--but they seem to want the state to make increasing concessions without giving anything equivalent in return. From this standpoint, one can say that they are not very rational in their course of action and obscurantist in their behavior. Or could it be a form of challenge that does not dare reveal its true identity?

"In the meantime, we may point out that this situation is inexplicable, for a coherent program of national development is in place, and it is astonishing to see this reluctance on the part of private savings--despite its abundance--to accept the risks of investment in the manufacturing and service sectors. The private entrepreneur places his emphasis not on those activities that are most essential to the country and to the citizenry for the long and middle term, but rather on whatever activity is calculated to produce the most spectacular results in a minimum period of time. This is why the criteria for social success have evolved in an unfortunate direction, in that they no longer correspond to the accomplishment of a creative and productive role but rather to the possibility of 'finagling,' of making money by scheming, of being able to engage in ostentatious display and conspicuous consumption. The concerns of the private entrepreneur are not inspired by the intense desire of the political power to help bring about greater development, satisfy the needs of the citizenry, alleviate unemployment, and create jobs.

"This situation is not a recent development, for the private sector has always behaved in the manner described above. Let us not neglect to say, furthermore, that the enrichment of this class is due also--and primarily--to the immense sums of money injected by the state into the various regional and national plans which have necessarily produced very profitable fallout for this sector. This financial 'irrigation' by the state--designed for the benefit of all its citizens without exception--does not appear to have received the recompense that was hoped for (and legitimately expected) by the political leadership and the citizenry. One cannot gainsay the value added, but let us realize that it has all been hoarded. The state does not wish to assign the private sector a marginal role but rather to interest it--and include it--in the development process, with everyone playing to the fullest his assigned role; but the private sector must, once and for all, get out of the 'lemonade and pizza' business.

"Until now the state has had to support by itself the considerable effort to promote industrialization, agricultural development, and massive investment in the infrastructure, the effect of which has been to drive the Algerian economy in its takeoff phase. This has generated appreciable growth, but in order to ensure continued and sustained growth some structural changes would have to be

de to improve the accumulation of domestic capital and thereby to initiate mobilization of this abundance of private savings and make sure that it becomes an important supplementary factor for raising the standard of living and enhancing the well-being of the nation as a whole.

The economic and social progress of the nation entails the involvement of the entire nation. Once the Algerian ideology has embraced the concept that the private sector should not be denied the right to exist, it is best that this be accomplished in the most harmonious atmosphere possible...."

On the other hand, the official communication of the Socialist Vanguard Party (Footnote 10) (The Socialist Vanguard Party (PAGS) is a small opposition party, outlawed but tolerated; it represents the views of the "orthodox" Marxism that is linked to the Third International) takes up the basic themes of independence, anti-imperialism, and social equality and warns against a "broad capitalist sector" that allegedly favors speculation and neocolonialism. Without openly contradicting the previous communications on the subject--inasmuch as it allows for a private sector--it does not resort to the same economic justifications and calls for the control (and not, as previously, for the "independence") of those capitalists who are productive.

C. Official Communication From the Central Committee of the Socialist Vanguard Party of Algeria to the Special Congress of the FLN (excerpts):

....

The extensive campaign that the bourgeois press of the Western countries is currently targeting on Algeria is designed to have the effect of promoting and accelerating the tilt to the right. Imperialism is counting on the real weaknesses of our country and is attempting to reinforce and multiply them.

It is counting first of all on the internal reactionary elements which--in order to preserve and increase their influence and their interests--would not hesitate to sell out the national interests and make our country dependent on the multinationals and the imperialist countries. What they want is 'Infatih.' Imperialism is also counting on the supporters of 'liberalization' and of the development of a large domestic capitalist sector, for it knows that sooner or later such a sector--and the economy as a whole--will come under its control. The result will be a neocolonial blind alley.

The imperialist and reactionary designs are aided by the supporters of the quest for a so-called 'Third Way' between capitalism and socialism. The implementation of this policy line of the 'Third Way' has served merely to weaken the nation's capacity to resist imperialism and reaction. It has made more difficult the solutions that must be found to the problems of national construction and social progress. The state sector--the foundation of our development strategy--has thereby been weakened; it has been put in a difficult situation as a result of a hasty and dangerous restructuration. Implementation of the agrarian revolution (RA) has been obstructed and even challenged in certain areas of activity. The essential functions of the service cooperatives (CAPCS [Communal Multi-Service Agriculture Cooperatives])--which provide important

support to the small farmers--have been eliminated. The marketing of fruits and vegetables has been handed over to the big middlemen, who make the rules and impose unbelievable price increases. Large breaches have been opened (and others are planned) in the state monopoly over foreign trade.

"This encouragement of the private capitalist sector has not resulted--as some had promised--in developing the nation's production capacity. It has basically favored speculation and profiteering.

"....

"...the declared supporters of 'Infatih' and of the 'liberal' orientation have not yet succeeded in bringing about a radical shift in our country's official policy, but they continue to intensify their efforts to 'revise' the National Charter and to make challenges of even greater importance.

"...(We propose):

"A controlled existence for the productive private capitalist sector, within the framework of a national economy that is planned and protected against penetration by the multinationals. Measures should be taken to have the capitalist sector respect the law (taxes, product quality, price fixing...), respect the social and democratic rights of the workers, and not exercise a monopoly in any sphere of activity.

"....

"For the Central Committee of the Socialist Vanguard Party of Algeria:

"[Signed] The First Secretary, Sadek Hadjeres."

Source: "Information Bulletin," Prague. "Documents of the Communist and Workers Parties: Articles and Speeches," June 1986.

Although the National Charter rehabilitates the private sector, it should be noted that the passage relating to private initiative is situated in the section dedicated to planning. The private sector is protected but controlled, so as to forestall the dangers that stem from parasitic activities and from subordination to foreign capital.

#### IV. The "Ideal Private Entrepreneur," or What a Legitimate Employer Says

Under the heading, "A Private Entrepreneur Speaks," the June 1986 issue of ACTUALITE ECONOMIE carries an interesting interview with the president-general manager of the Recta Industries Company, which employs a work force of 160 in the manufacture of hydraulic pumps and wine-making and olive-processing equipment. This model employer--presented as having couched "his activities from the outset within the national frame of reference"--restates the thesis of the distinction (cited above) between the "good private sector" and the "bad private sector," and emphasizes the participation of the "good" sector in the national effort based on its managerial experience, its complementarity with

the public sector, and its cooperation with the state foreign trade monopoly in return for certain concessions and state aid for exports (in the form of subsidies). Above all, however, he emphasizes the independent organization of the sector (which the magazine calls "self-structuration," presented as a means of "cleaning house" and eliminating the "bad" entrepreneurs--as a means of sharing the decision-making power with the state. Even more interesting is the presentation of this "self-structuration" as an organization of the industrialists of both sectors (private and public). This is perhaps a manifestation of one of the major premises of one part of the political elites: to make the "good private sector" the instrument for rationalization of the public sector with a view to rendering the latter more efficient:

A. A Private Entrepreneur Speaks

....

[Question] The development option chosen by Algeria has reserved an extensive role to the national private sector. This sector--perhaps because of a policy that in the past was not clearly defined--has developed somewhat in contradiction to the national economy. What do you think of this idea, in theory and in practice?

[Answer] We have often heard it said that the private sector was indeed as you have just described it. This kind of statement, however, should be addressed primarily to the commercial sector, given the high standard of living attained by our people--something that has often engendered shortages. Some merchants have taken advantage of certain circumstances and exploited the overall situation, whereas in the production segment of the private sector we have, in most cases, enterprises that are serious and productive.

I believe that following the 1982 meeting of the Central Committee--which discussed the national private sector and its participation in the nation's economic development--we have verified the existence of a new situation, a new style. There is no doubt that the heads of enterprises--many of whom have served in the armed struggle for the liberation of our country--feel that they are now, and at all times, mobilized for the construction of our economy.

It is, moreover, in this spirit that the various jurisdictions in our country put in place 2 years ago a National Chamber of Commerce that groups together all enterprises of the production sector.

[Question] And yet there is a private sector that does not play by what one might call "the rules of the game." That is an established fact.

[Answer] Algeria--just as every other country--has an economy that comprises different sectors of activities. This type of marginal enterprise also exists in other countries. We do not regard these as enterprises that are part of the national production sector, and we believe--for good reason--that in concert with the Chamber of Commerce and the organizations that comprise it these enterprises must be exposed, because they are entities that cannot claim to be private enterprises engaged in production.

[Question] Do you believe that we are heading toward a self-structuration of the national private sector?

[Answer] We are in favor of a self-structuration, as you have indicated, and we plan to put an end to these marginal enterprises that have nothing to do with the model that we are constructing for the development of our national economy and this great work that every head of a public or private enterprise should regard as his leitmotiv and almost as his reason for existence.

The structuration of the national production sector through the instrumentality of the Chamber of Commerce was undertaken a year ago with the creation--in the various fields of activity--of specialized sections called "professional federations" to which all manufacturers in the private and public sectors belong. Within these federations, offices will be set up together with a council whose members--to be elected at general assemblies that will be convened--will develop the program of action of the federation....

Supplies are still the principal problem, and in this connection I believe--as I have indicated previously--that within the framework of the Chamber of Commerce the specialized delegations would be able to play an advisory role to the Ministry of Commerce with respect to setting up general import programs. These federations should be brought into the discussions, because they understand the problems of the enterprises and could give advice to the various commissions of the Ministry of Commerce that have the task of preparing the general import licenses.

Source: ACTUALITE ECONOMIE, No 5, June 1986, p 44.

#### IV. Legislative Program

The basic document is Law No 82.11 of 21 August 1982, relative to domestic private economic investment. It is applicable to all investment proposals of less than 30 million DA [Algerian dinars] that are submitted by citizens who are residents of Algeria, except for the private agricultural sector, commerce, and handicrafts. Its Article 8 defines the role assigned to the private sector, as follows:

- 1) An increase in national productive capacity.
- 2) Satisfaction of the needs of the population in terms of goods and services.
- 3) Complementing the socialist sector as participants in the final stages of the manufacturing process and as subcontractors.
- 4) Participation in the policy of balanced regional development.

The law grants broad tax exemptions in accordance with the degree of interest inherent in the projects submitted for approval under the procedure that is designed to test their economic and social utility. Depending on their cost, the projects are submitted either to the National Approval Commission, chaired by the minister of planning and national development (in the case of

projects of from 3 million to 30 million DA) or to the Wilaya Approval Commission, chaired by the wali (investments of less than 3 million DA). Other documents serve to round out this program:

a) Decree No 83-101 of 29 January 1983, specifying the methods for determining the fields of activity open to participation by the national private sector, with a view to observing the sectorial priorities outlined in the Development Plans.

b) Decree No 83-98 of 29 January 1983, providing for creation of a National Office for the Orientation, Supervision, and Coordination of Domestic Private Investment (OSCIP). Placed under the authority of the minister of planning, OSCIP makes an initial study of the proposal and transmits a technical recommendation to the Approval Commission.

c) Law of 25 June 1983 authorizing the private production sector to import new equipment for use in the production of goods and services, said equipment to be exempt from the formalities and charges required by the foreign trade regulations when the value FOB is less than 10,000 DA.

d) A detailed list of those sectors of activity likely to interest private entrepreneurs, as published in EL MOUDJAHID, 26 April 1984.

e) National Budget for 1985, facilitating access to credit for private investment.

#### A. Initial Results

Implementation of these various provisions has been rapid, inasmuch as the initial decisions of the National Approval Commission were made in May 1983.

Several balance sheets have been made public (cf JEUNE AFRIQUE ECONOMIE, November 1983, No 26; ALGERIE-ACTUALITE, No 961, 15-21 March 1984). The most recent one was published by the Ministry of Finance--under the direction of the then minister Benhamouda--in EL MOUDJAHID, 16 December 1985; it is quoted here in a more developed version that appeared in ALGERIE-ACTUALITE, No 1050, 28 Nov-4 Dec 1985, according to which:

"From May 1983 to December 1984: 1,200 projects approved, representing a total investment of 3.7 billion DA and 22,500 permanent jobs.

"For the first 9 months of 1985 (provisional balance sheet): 600 projects approved, representing a total investment of 2.5 billion DA and 12,000 permanent jobs." (Footnote 11) (A more recent accounting published in ACTUALITE ECONOMIE, No 2, March 1986, reports a total of 1,139 projects approved in 1985. Of this total, 272 projects would entail individual investments of more than 3 million dinars each and were therefore subject to a national approval procedure (172 projects on the coast, 100 in the rest of the country), for an estimated total investment of 2.4 billion dinars (1.5 billion dinars on the coast and 800 million dinars in the rest of the country) and the prospective creation of 8,400 jobs (5,300 on the coast and 3,100 in the rest of the country).

These data--which justify a forecast of a total of 6.2 billion dinars of private investment and the creation of 14,500 jobs--indicate the number of proposals "accepted" but not yet how many will be implemented. In addition, the wilayate are organizing regional seminars on private investment with the aim of encouraging initiatives.

This massive response by private savings--a part of which until now had been hoarded or invested abroad--is encouraging. Its inclination (for which it is criticized) to operate in those sectors deemed to be most productive of quick profits--such as the agro-food sector, which has in fact reached the saturation point--and in those zones where infrastructures are well developed (Blida, Algiers, Oran, and Annaba) is, after all, a natural reaction. The creation of a class of private entrepreneurs who are tractable to the orders of the state cannot be improvised. Similarly, interrelationships with the public sector must be developed over a period of time; for one cannot forget that although the private manufacturer enjoys a de facto monopoly of the highly protected domestic market, his dependence on the state for his supply of imported products--together with his role as subcontractor for the national enterprises--will constitute a handicap until the circuits are broken in. The first contractors' exhibition--held in January 1985--appeared to indicate that private-public integration was beginning to take place.

Brief mention should also be made of the fact that a new sector emerged in the early 1980's: the sector of the local public enterprises which--operating at the level of the wilaya and the commune--are managing a number of PMI's [small and medium-sized industries]. These 1,800 industries (1984 figure) participate in the construction and services sector, in competition with the private sector. A certain rivalry has accordingly developed between them. (Footnote 12) (Cf E. Poulain, "The Emergence of a Local Public Economy in Algeria," in LES CAHIERS DU CREA, No 2, second quarter, 1984.

#### V. Mixed Companies

The plan to form companies of mixed economy--associating a foreign contractor with an enterprise of the national public sector--was drafted in response to a disappointing report on the manner in which the transfer of technology had been carried out when traditional channels were employed.

The concept of the mixed company was based on the following line of reasoning: the foreign partner who invests in an enterprise of this type will have a heightened interest in its progress and will probably participate without reservations in an effective transfer of know-how.

The documents adopted are: the law of 28 August 1982 relative to the formation and operation of mixed-economy companies, and two implementing decrees (dated 17 January 1983 and 17 December 1983 respectively) prescribing the methods for remunerating the concerned parties and stating the prerogatives of the socialist enterprise with respect to the orientation and control of the activities and management of the mixed company.

To date there has been no opportunity to implement this legislation, because in its present form it is deemed insufficiently attractive to the prospective foreign partners who have initiated negotiations. The Algerians claim to be disappointed at the "waiting game" of the French manufacturers, who they had hoped would lead the way. The old idea of a mixed working group to handle the transfer of technology--an idea that was never put into concrete form--has just been refloated in 1986 in connection with the decision to extend it to the enterprises.

Not very anxious to change the rules of the game that they had established erga omnes, the Algerian authorities have hinted that some flexibility might be introduced with respect to the technical methods of implementation: in other words, adaptation on a case-by-case basis is conceivable. In view of the new financial situation, one cannot rule out the possibility of a resurgence of interest in this formula which could facilitate--in addition to its original purpose--a contribution of capital at a time when the principal problem is to maintain growth.

[Box, p 115]

The National Charter, Adopted by Referendum on 16 January 1986 (excerpt)

....

3) The Planning Authority Should Assume Responsibility for the Activities of the National Private Sector

The necessity for utilizing all capabilities--with the aim of accelerating economic development and satisfying the needs of the nation and its citizens--requires that domestic savings participate in the process of development. This in turn requires that the objectives be defined for the private operators--to whom the appropriate guarantees should be offered, within the framework of the law--in order better to mobilize the resources they possess and to encourage all initiatives that are useful to the process of national development.

The development of the national private sector should be integrated and managed within the framework of the development plan, and should conform to the priorities prescribed therein. It will likewise be necessary to establish a rigorous system of orientation, management, and control of this sector, in order to ensure complementarity--rather than antagonism--between the public sector and the private sector.

The fields of activity that will be open to the initiative of the private sector--as well as the place that this sector can occupy in the various fields, thereby complementing the public sector--should be specified in the national development plans. The services in charge of planning--and the concerned managements--should accordingly strengthen their resource base in respect to statistical, economic, and technical information relative to the operation of the private sector--to its role and place in the economy. They should also put in place instruments of analysis that will make it possible to study this

sector and to understand it in its diversity, and specifically by taking into consideration the actual situations existing in the various sectors and geographical regions of the nation. The planning should dissuade the private sector from engaging in parasitic activities, activities that have little utility, or activities that run the risk of establishing relationships of permanent dependence on foreign capital. The planning will accordingly encourage the national private sector to strive for the development of productive activities, be they within the framework of small or medium-sized industry; to solidify the fabric of industry and strengthen economic complementarity; or to assist in achieving the objective of self-sufficiency in food. The development of mechanisms for the orientation, supervision and control of this sector will make it possible to control the evolution of income at all levels, will combat fraud and tax evasion, and will eliminate unwarranted and unjustified profits and income. Lastly, within the context of completing the organization of this sector and integrating it into the planning framework, measures will be taken to guarantee to the workers the right to training and advanced training and to protection of their social rights.

The small merchants and artisans will be encouraged on a continuing basis and will receive assistance--in all fields of activity--so as to enable them to contribute to the improvement of the quality of life for the citizenry. In any event, these operators should--in carrying out their activities--respect the rules that govern their activities. Moreover, the traditional rural handicrafts--which complement the agricultural activity and can help to provide supplementary income to rural families--will be encouraged and developed; these artisans can supply to the marketplace a number of products and resources necessary to the well-being of the citizens.

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10992

CSO: 4519/26

EFFECT OF DECENTRALIZATION ON LOCAL INTERESTS DISCUSSED

Algiers REVOLUTION AFRICAINE in French 14 Nov 86 p 21

[Article by Mourad Laras]

[Text] Implementing the policy of regional balance is no easy task. The spread of development at the regional or local level depends on developing the content of the decentralization policy.

It is an undeniable fact that the search for solutions adapted to local problems cannot be the prerogative only of those at the central decisionmaking level. Because of the specific nature of local needs, taking responsibility for those needs requires decentralized planning and development that is prompted first and foremost by local initiative.

The basic texts sanction that view. The National Charter emphasizes that decentralization must give the governorates and communes full authority over all problems of local or regional interest for which they are responsible. That authority must extend to all economic, social, and cultural areas. Decentralization does not imply a sectarian view of the dynamics of development because "the development of local activities must also be part of an integrated overall dynamic that is given concrete expression through the national policy for territorial development."

It is undeniable that local plans constitute the privileged manifestation of decentralization. The setting up of structures for decentralized planning makes it possible to formulate coherent development projects adapted to local conditions and potentialities. The instrument symbolizing decentralization at the communal level is unquestionably the Communal Development Plan (PCD). The PCD has exerted its influence on the communes since 1974. That institution has taken the place of special programs. The PCD cannot be a matter of indifference because it is truly aimed at the assumption of responsibility for local problems. It is true that PCD projects are modest in size, but they are nevertheless having a definite impact on the local dynamic of development. Besides the assumption of responsibility for problems linked to the quality of life--the AEP (drinking water supply), for example--a PCD can, thanks to its impact on economic infrastructures (highways, roads, postal service, and so on), bring about a drastic change in a region's condition. Bringing a region

out of isolation has incalculable consequences as far as local economic expansion is concerned.

The PCD thus expresses a certain symbiosis between local concerns and the concerns of the state, since projects initiated locally are financed with state aid. Institution of the PCD clearly expresses the political will to give the communes full control over their development.

A communal plan is in fact the result of a decision reached by local authorities. It is drawn up by taking three elements into account: local potentialities and needs; the objectives to be achieved and the priorities to be respected; and the evaluation and equitable distribution of the human, financial, material, and technical means to be employed.

Of course, local initiative is subject to double review: by the governorate and at the central level. That control makes it possible to eliminate certain inconsistencies, organize proposals into a hierarchy, and strike a balance between the objectives in view and the resources that can be mobilized.

Concerning the evaluation of their projects in terms of cost, the communes complain that their constraints are not taken adequately into account. Actually, it would seem that cost control is still inadequate despite the existence of norms which take into account the specific features of the project site. However that may be, the Ministry of Interior emphasizes the shortcomings related to the phase of project study and maturation, to which must be added the often inordinate pretensions of the communes, whose expectations are often totally out of line with their needs and resources.

The planning departments are also in charge of directing investments in accordance with priorities established at the central level. For the current year, firm program authorizations total 6.5 billion dinars. Water resources (39.6 percent), economic infrastructure (36.9 percent), and social infrastructure (19.8 percent) are seen to be the priority sectors.

The fact remains, however, that payment credits reach the communes only after long delays, and this places severe management constraints on the communal governments. The Ministry of Interior admitted to us without hesitation that the communes are wrestling with a procedural maze and that the red tape must necessarily be reduced to allow greater involvement by the communes in the planning process.

Despite those difficulties, particularly high completion rates are being recorded in the execution of operations included in the PCD's. Because they involve local initiative, local interest, and operations limited in scope, their follow-up is certainly easier for the communes.

The progress recorded in terms of completion is certainly a sign of better control by the elected representatives over their regional data, but it is also the result of improvements in outfitting local enterprises in charge of carrying out the PCD's, especially since 1983. That last point deserves to be emphasized, because the local enterprises have often earned a reputation for

negligence simply because of an obvious disproportion between their equipment and their workload.

Since 1983, the ability of the communal enterprises to do their job has been increased considerably by the addition of more equipment, and a reorganization of local enterprises is underway to achieve greater efficiency in management.

The progress achieved in terms of work done is also the result of good financial follow-up. To prevent projects from coming to a halt, authorized credits are often exceeded: the consumption level for 1985 is estimated at 110 percent.

That overspending has been possible thanks to the establishment of a special Treasury account with the treasurer for the governorate. It has been possible to regularize a number of operations, both those underway and those that are complete, by using that account to pay off amounts owed to private or publicly owned local enterprises.

Although the communes receive funds from the state budget through their PCD's, this does not mean that they are reduced to dependence on state aid. The financing for some infrastructures takes the form of outright grants, but in the case of those that are really productive in nature, financing is in the form of temporary--that is, reimbursable--grants. It should be emphasized, moreover, that the communes often make up for the inadequate credits allocated by the state by dipping into their communal budgets to provide self-financing. But it is true that those funds are limited, and here it is obvious that a reform of local taxation is imperative. Taxes are a local community's chief resource, but the various aspects of taxation (levying, assessment, rate, and distribution) are the sole prerogative of the state. The share of tax revenue passed on to the local communities does not permit them to really assume their role as decentralized institutions. The reform of local taxation, still in embryo, would be welcome from that standpoint at least.

11798

CSO: 4519/43

PROBLEMS IN EDUCATION SECTOR EXAMINED

New Legislation

Algiers REVOLUTION AFRICAINE in French 14 Nov 86 pp 22-23

[Article by A. Laib]

[Text] Despite the formal denial issued by the Ministry of Education as to the fantastic and, in any case, hardly believable, nature of this rumor, it seems clear that secondary school students, particularly those in the third year, are not convinced. And with reason! Many of them continue to believe that the baccalaureate examinations will cover two new subjects, to wit politics and religion, an addition which they interpret as meaning an extra work load, and thus a reduced chance of passing "the exam of a lifetime."

What is the real situation in this regard? To clarify this tangle of unfounded rumors and awkwardly phrased denials, highly placed officials at the Ministry of Education made a point of reiterating to representatives of the national press Monday that "There will be no change in the examinations, either with regard to grading (coefficient) or length. The 20 November 1974 decree on the organization of the baccalaureate remains unchanged in its provisions."

Therefore, these officials noted, "Each series will involve six tests, with the exception of Islamic sciences, which will have one additional test. The candidates thus have no need to worry uselessly because, we reiterate, no changes have been made."

In fact, it was explained to us that "Subjects such as religion and politics will not be included in the baccalaureate examination. Moreover, this was never considered. Very detailed explanations were provided in this connection at the time when these two subjects were introduced in the secondary schools 3 years ago."

The other subjects not covered in the baccalaureate examination were also listed. Thus we learned that the tests in natural and physical sciences have been eliminated for the literature series, while students in the science, mathematics and Islamic sciences series will not have to take tests in history, geography or French.

It should be explained that political, religious and physical education, although these subjects are included in the curriculum for all the series, will not be covered in the baccalaureate examinations, except for religion, which remains a specific requirement for Islamic sciences students.

It was explained to us moreover that all of these subjects are under continuous control, being regarded as materials "which should not in any case be neglected" by future baccalaureate candidates. "In addition to the fact that they complete the education of the student and enrich his general culture, they can also work to the benefit of a candidate who fails his examination. In fact, a failing candidate who has obtained good grades in these subjects may be reconsidered for a second chance. The grades obtained in the course of the school year constitute a valuable asset which may serve to tip a candidate's fate either toward the group of those who succeed or toward that of those who are rejected."

That having been said, it would be well to recall that an internal memorandum explaining all of these matters was sent to all of the secondary school inspectors, directors of education in the governorates and heads of educational establishments by the minister of education. This circular, "of a purely pedagogical nature," was intended to make the manner in which the subjects will be presented clear to teachers and students. "In the past," the secretary general said, "it often happened that candidates failed because they did not understand the intent of a question. Or, in other cases, the questions from which to choose dealt with the same subject, with minimal differences. We have therefore established in clear and precise fashion what each test should cover, so as to allow the candidates to prepare for their examinations carefully and without too many unknown factors." The physical sciences test, where the weakest results have been obtained, provides an illustrative example. It often happened that all three parts of the test dealt with chemistry.

This year, and certainly for all future sessions, it has been decided that this test will involve an analysis of a physics experiment (4 points), an exercise in chemistry (4 points) and a physics problem (12 points). "Thus the candidate will know where to focus his attention." The philosophy test provides another example. It will cover three subjects, from which the candidate will choose that best suited to his abilities--either a study of a text, a philosophical dissertation, or five simple questions "unrelated to the first two subjects."

We have been informed, moreover, that "The content of the circular does not seem to have been understood and assimilated." And the secretary general added: "To reassure secondary students and their parents, I reiterate that this circular was motivated by a single concern--to enable the largest possible number of candidates to prepare for their examinations under the best of conditions."

With regard to examination fees, the amount of which, it appears, is viewed as excessive, the officials at the ministry recall that the cost of correcting the baccalaureate examination copies alone come to nearly 1.7 billion. This high cost is explained by the need to recruit, transport and install a staff

of 15,000. "Each examination undergoes an average of two and a half corrections. Algeria remains one of the few countries where the baccalaureate examination papers may be reviewed by three different correctors."

Therefore the increase in the examination fee, which has gone up from 100 to 150 dinars, cannot be any means be interpreted as an arbitrary decision. "On the contrary, this is a contribution the candidate makes to the cost of the examination. We could have reduced the general fees for the baccalaureate and avoided increasing the examination fee. But this would have meant a single correction, and thus a high proportion of failures, in particular for the literary series, in which the grading criteria differ from one test corrector to another, creating a hazard, moreover, which we eliminated with the 25 October circular."

Presented in this fashion, the explanations are as clear as they could be. It remains to be discovered how the secondary school students were led into an "assumption about which the least one could say is that it works to their disadvantage. For the unfortunate part about this business is that the only losers are the students themselves. The loss of a week or two could have a dangerous effect on the results at the end of the year."

As the secretary general put it so accurately, "There will be no one to sympathize with the failing candidate in June. Therefore we appeal to the students to distinguish between those who really want to help them pass their examinations and those whose only concern is to create confusion and chaos." And in conclusion he said: "The rate of success with the baccalaureate examination has never been linked with acceptance at the university. It is difficult, if not impossible, to establish the passing percentage in advance. It should not be forgotten that we have nearly 450 secondary schools and almost 160,000 candidates for the 1987 session, and the examinations will be corrected by 15,000 teachers. Can it be that the educational institutions are the tormentors of the students? Is it in the clearly understood interests of the country to force our own children into the streets? Indeed, there are problems, and we know that the students as well as their parents assign great importance to the baccalaureate. Thus to divert these students from their studies is a criminal action for which there can be no justification."

#### Student Unrest Subsides

Algiers REVOLUTION AFRICAINE in French 14 Nov 86 pp 22-23

[Article by Ahmed Cheniki]

[Text] Things are calming down in Constantine.

There remain many questions. What underlay this whole disastrous situation? Who was able to make use of specific facts to create an issue characterized by such great excesses? Buses and other vehicles burned, stores and public institutions pillaged. This is not a very easy question to answer. For the time being, we are limited to a recitation of what happened.

It all began in a university community situated outside the town, Zouaghi Slimane by name. Irate students displeased with the meal which had been served (two or three consecutive times, it is said) demonstrated noisily, nothing more. Matters might have stopped there and the problem could have been settled locally. But nothing was done there, and thus a fertile field for chaos existed. There were also incredible clashes between the police and the students, after the fact. There were many injuries on both sides. The question to be asked is why this problem was not dealt with at the source by settling a problem as secondary as "chow."

The following day, that is to say Saturday, classes were suspended at the university. However, there was no way the students could have imagined that their demonstration would be used and manipulated internally, as was seen in the town, where groups of individuals--they were neither private nor public secondary school students--set to plundering public service establishments and state and party institutions. Constantine became unrecognizable. There was damage everywhere, as well as casualties--many casualties. And another question arises. Why was such a savage attack made on public property, including power line poles, telephone booths, vehicles, buses, the theatre, the post office, the CNEP, the stores?

Constantine suffered from a reign of terror and insecurity for 4 days. What is remarkable is this complex of slogans launched by the destroyers of public assets. It all resembled a soccer scene or the CMC club. At a given moment, even moving about the town was a risky venture. But along with the sports slogans, there were supposedly democratic slogans appealing to the people to plunder public property. During this period, Constantine breathed fear and psychosis.

If matters were calmer at the university on Monday (after the arrival of Minister of Higher Education Brerhi), gangs of young people recruited mainly from criminal circles continued the furious pursuit of their dirty work. We witnessed indescribable scenes. But the vast majority of the public and private secondary school students dissociated themselves from this campaign of destruction and demanded dialogue with the officials involved. The meeting with Mr Brerhi, moreover, made it possible to establish calmer thinking and to initiate talks. General assemblies of students were planned in all the institutions. But one comment should be made. Wasn't it possible to initiate discussion before these events occurred in the Zouaghi university complex? The local officials there have been summoned to render an accounting. Still other questions and other comments remain. It would be useful to establish responsibility and to note the shortcomings and lacks in certain local structures.

Matters remain complicated in Constantine today. Our talks with various officials and students will help us to effect a better analysis of the events which, it must be recalled, led to serious excesses.

Yet once again, the facts will not budge. Secondary level problems should have been dealt with locally. Very little was done here in this connection. The secondary school students should have been informed about the subjects to be

added to the baccalaureate program and the various decisions made, and serious dialogue should have been undertaken with the students. This is something we did not see.

The secondary school students have not yet resumed classes. But things are beginning to settle down, thanks to dialogue and a consensus. The dialogue should be a continuing one, rather than occurring only following specific events. Questions, many questions, still remain. Manipulation and recovery were seen, it must be remembered.

#### Self-Examination Needed

Algiers REVOLUTION AFRICAINE in French 14 Nov 86 p 23

[Article by Kheireddine Ameyar]

[Text] The sad and regrettable events which have just shaken up Constantine should serve as a bitter cause for meditation. On the one hand, there is the offhand manner in which some of the secondary school students and teachers deal with subjects which are important in their eyes and ours, but can nonetheless be settled other than by anarchy. Private secondary school students, or some of them, had begun to be agitated in Algiers and had gone into the streets to voice their opinion of the measures approved by the Ministry of National Education. Since our country is by definition one of consensus, extreme measures, where solutions do not require them, cannot be tolerated. It is true that it is in the nature of adolescents to be impetuous and often to react without first seeking redress. If there is nothing serious here, it is nonetheless necessary for our institutions, that is to say the family, the schools and the ministry, to take this particular aspect of youth into account in order to provide explanations and to calm those who are in greater need of calming than others. Failing this, we often find ourselves at the mercy of a deviation of the sort we have just experienced. Troubled and immoral elements behave like veritable pimps in their shameless profiting from the agitation which is characteristic of a part of our youth. That the individuals who acted as firebrands were criminals is not in doubt. Nor should we allow ourselves to be duped. They themselves were manipulated by individuals who are working openly to destabilize the country.

Protecting youth means acting to ensure great clarity, while at the same time combating an attitude of indifference. It is truly incomprehensible that the Ministry of National Education itself, according to the statement which appeared in the press last Wednesday, was responsible for the "misinterpretation which led to the suspension of classes at certain establishments." Such inattention in the drafting of circular initially designed to calm minds by explanation, but which in the end caused agitation because of its lack of precision, is intolerable. Just as it would be well to react firmly against these troublemakers, so we should avoid indirectly providing them with fuel for sustaining these troubles. Above all, it is perhaps time to examine the sense of responsibility which characterizes certain secondary school teachers and directors. If the circular was not clear, what did they do to warn their ministry about the faults in the text and the negative consequences which might have resulted--and did--from it, on

the one hand, and to calm excited minds, on the other? What can be said about the permanent hindrance preventing the UNJA from playing its role in the school community fully, with the resulting violations of discipline we have seen? The events which have just occurred provide food for thought--thought which is necessary so that they will not occur again.

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CS0:4519/44

## OPPOSITION FIGURES DISCUSS RECENT ELECTIONS

London AL-DUSTUR in Arabic 17 Nov 86 pp 8-9

[Interview With Various Opposition Figures, by Khayr-al-Din al-Sawabni:  
"The Government Says that the Opposition Lost Because It Was Unprepared, While  
the Opposition Says that One-Party Control and Monopolization Was Behind Its  
Removal"]

[Excerpt] AL-DUSTUR met with the opposition leaders who had decided to enter  
the elections, and discussed the elections and the circumstances which had  
surrounded them.

The first meeting was with the Progressive Socialist Grouping, the newest  
political opposition movement, which includes anti-Soviet Marxist elements  
having Trotskyite, Albanian and Maoist tendencies. We talked with its secre-  
tary general, Ahmed Najib Chabbi.

[Question] Don't you think that the basic reason your election lists were  
dropped was unclearness over your legal status, and not the opposing party's  
desire to remove you?

[Answer] There is no doubt that the democratic alliance's lists were removed  
because of a political will, because the administration's pretexts had no  
basis in fact. To this day, we still don't know who were the six candidates  
for the Tunis district or the four candidates for the Iryanah district who  
allegedly did not meet the conditions for nomination and because of whom the  
lists for those two districts were dropped. It would have been possible to  
inform us before the legal deadline, so that we could have replaced the con-  
tested persons in time, even though I am sure the pretexts were false. As for  
the Kairouan district, the candidates were violently prevented from submitting  
the list of candidates to the authorities. At this point, we must express  
our pleasure at the interior minister's statement to the effect that he regrets  
what happened, if it really did happen. He knows very well that it happened,  
and that we had proved it and had gone on record to say that there was a pol-  
itical desire to remove the opposition and a lack of interest in competing  
with it. Everything possible was done to deter those who were thinking of

becoming candidates, including the trial, just days before the elections, of opposition leaders such as Secretary General of the Movement of Socialist Democrats Ahmed Mestiri and 14 other strugglers on the charge of maintaining an unlicensed society--the Progressive Socialist Grouping. Furthermore, there was pressure, terrorism and intimidation, and lists were dropped on the basis of completely false justifications. It was a rerun of the 1981 election, in which the government came out badly hit and fell back on falsifying the election results, resorting to new methods of falsification which were very easy to expose.

[Question] It is said that the opposition parties which took part in the elections were not prepared, from the mass, political and organizational standpoints, to win seats in the parliament.

[Answer] The opposition did not have enough time to get ready or mobilize all its forces. We all know what happened last year, when the Israeli jets bombed Hammam al-shatt, the American jets bombed Tripoli, and the Tunisian General Federation of Labor was attacked, not to mention the authorities' internal crises. The year was exceptionally tense and convulsive. These violent events coming one after another required our continual follow-up, and preoccupied the opposition to the point of exhaustion.

#### The Oldest Party

The Tunisian Communist Party is the oldest party on the political scene, since it was founded in the Twenties. It participated in the last elections in alliance with the Progressive Socialist Grouping. We met with its secretary general, Mohamed Harmel.

[Question] Most observers agree that your party was not prepared enough to allow you to compete.

[Answer] The pretext of preparedness or unpreparedness has been used to justify eliminating the democratic alliance's lists. Actually, we were quite prepared, politically and legally, and we submitted our candidates by the legal deadline. However, the administrative district council officials, particularly in the Tunis, Iryanah, Kairouan and Nabeul districts, did their utmost to drop the lists, using various methods, which in Kairouan reached the point of using extreme violence to prevent our candidates from coming to the governorate to submit their lists. From the political standpoint we were also fully prepared, and we had drawn up a joint political program for ourselves and for the parties participating with us in the alliance, a broad platform acceptable to all the country's democratic forces. I suppose that this platform was the main factor which pushed the authorities into dropping our lists, since it was a popular platform which enjoyed extensive public support and sympathy.

[Question] Couldn't the matter have been resolved by going to the appellate court according to law, instead of deciding to withdraw, a decision which may have reflected your inability to meet the conditions for legal and democratic partisan action?

[Answer] From the legal standpoint, when the governor refused to accept the nominations on Wednesday 15 October, the last day, we did not attempt to bring a bailiff to record the governor's refusal to accept our candidates, so that we would have material evidence. We did not expect the governorate and the interior ministry to reject us.

[Question] So the mistake was in your giving priority to good intentions, instead of the legal aspects.

[Answer] That is what happened. Secondly, the question of public appointments was in the hands of the administration and the ruling party, and our efforts to get a judgement failed, because the material evidence supporting us was in the hands of the opposing party, not in the hands of a neutral party where it would be safe from tampering. We submitted a complaint, which meant that we lost time from our election campaign. Thus it was decided in our case to drop the lists, since the evidence was in the enemy's hands, and one of our candidates found that his name had been removed. Therefore, in future elections we will have to fight for election guarantees--i.e. we will have to make an effort to distribute election cards before submitting the nominations, in enough time to review the registration of election lists and correct any problems.

#### The Reason For the Defeat

At the headquarters of the Popular Unity Party, licensed in 1983 and founded by a wing which split off from the secret Popular Unity Movement led by Former Minister Ahmed Ben Salah, we met with Secretary General Mohamed Balhadj Amor and Political Bureau Member Jalul 'Anuzah.

[Question] Mr 'Anuzah, don't you think that the prime minister's remark that your defeat was due to your lack of political and organizational preparedness had a great deal of truth to it?

[Answer] Yes, Rachid Sfar's statement that the opposition movements were not sufficiently prepared to enter into the elections has a certain amount of truth. That is, compared to the ruling party, the opposition was unprepared. However, there is another point--except for the Tunisian Communist Party, the opposition is relatively young, and its movements and parties began operating openly only a few years ago. Our party started working openly only 5 years ago. We must say that the pressure exerted by the ruling party against the opposition did not allow the movements to do what they had expected to do. For example, ever since we obtained our open action permit in 1983, we have not been allowed to hold any open meeting. We have submitted 15 requests, only one of which was granted. Under such circumstances, we cannot make the necessary preparations for an election. Another aspect of the issue is that the repression has taken many forms, and has had bad effects on our readiness.

[Question] Thus you were not fully prepared because of your newness, on the one hand, and because of the other party's relatively recent acceptance of the idea of competing with you, on the other hand. But don't you think that the guarantees which were given were within the bounds permitted by this fact, and could not have been any better?

[Answer] I agree completely with the question. We must point out that the mentality of most, although not all, of the government and party officials is still undeveloped. By this I mean they have a one-party, monopolistic mentality. To this day, whatever permission to act has been given to the opposition has been granted only because of the opposition's struggles. The extremist, one-party mentality is still predominant. What we saw during the recent elections was within the bounds of possibility, since there was interference from the Destourian Socialist Party and the state agencies. During the last elections, most of the administrative district council officials, from the governors to the delegates to the sector chiefs, behaved not as representatives of the head of state and government agency officials, but as party officials giving absolute priority to their party affiliation. We feel that this election experiment was very weak compared to the 1981 experiment, which was much more democratic and permissive, at least at the beginning, before all the falsification at the end. It was also weak from the standpoint of the opposition's participation, since it submitted lists in fewer locales than in 1981, and from the standpoint of the opposition's and the ruling party's inability to drag the citizens into participating in the elections.

[Question] Compared to how the opposition was in 1981, it is obvious to us that this time its participation was characterized by indifference and lack of enthusiasm, even at the beginning of the campaign.

[Answer] We feel that in spite of its difficult circumstances, as well as those of the country, the opposition demonstrated the same readiness and enthusiasm it showed during the 1981 elections. We were one of the first movements and parties to announce their decision to participate. However, we did not find the same degree of readiness on the part of the authorities. While we were pleased with the prime minister's statement following his meeting with our party's secretary general in the first week of October, to the effect that the elections would be conducted lawfully according to the constitution's provisions, what actually happened was completely different. This may have been because of the foreign economic pressures and the struggle within the ruling party over the succession issue, as well as the struggle between the various wings and groupings of the party because of Mzali's resignation. Therefore, there was pressure before and after the election. For example, we made sure that our candidates met all the conditions, and thus we were surprised by the allegations that certain persons did not meet these conditions, which caused the Mahdia and Sfax lists to be dropped. In some districts, we received indirect hints not to submit lists, and in the Sidi Bou-Zid district the candidates' delegation was detained for several hours, on the pretext of proving that the car in which it was riding was not stolen, which caused it to miss the chance to submit its nominations. Much pressure was also exerted during the campaign, such as television interruptions under actual political supervision. We could hang only seven or eight posters in each delegation, while the opposing party could hang posters anywhere without permission. Our posters were torn down by the militia and by security men in official uniform, even though we met all legal requirements, and the strugglers hanging them up were arrested. We must add that these excesses took place even in the final hours of the election. Therefore, I am convinced that citizen participation was much less than what was announced.

## TUNISIA

### PROMINENT OPPOSITION LEADER CRITICIZES GOVERNMENT

London AL-DUSTUR in Arabic 15 Dec 86 pp 25-27

[Interview with Ahmed Ben Salah by Slami Hosni: "The Arab Nation Is Experiencing a Crisis of Government; the Iraqi People Alone Are Perseverant"]

[Text] This was not the first time I met Mr Ahmed Ben Salah, former Tunisian minister and a leader of the opposition in Tunisia. However, it was the first time I found that he had totally rid himself of that "nervousness" which normally afflicts ministers who have been dismissed from their positions and have moved into the opposition. He looks at Tunisian, Maghreb and Arab conditions with a comprehensive, deep view. This is perhaps the first time Ahmed Ben Salah drew me, more than was the case in previous meetings, with his analysis of the interconnection among events the Arab region is witnessing. However, the man views the deterioration and decline on the Arab stage and "disdain" for Arab values and civilization with deep bitterness. AL-DUSTUR met him in particular to seek enlightenment on his view of what Tunisia and the Maghreb region has been going through since the dismissal of Mohamed Mzali, the former Tunisian president, who was compelled to leave his country secretly for exile in the same way and through the same border outlet as that via which Ahmed Ben Salah escaped in 1973.

In the course of his comparison of the two "adventures," Mohamed Mzali told me that almost the only difference was in the depth of the valley which constitutes the natural barrier between Tunisia and Algeria. "Ahmed Ben Salah crossed it when this valley was full of water whereas Mohamed Mzali crossed it at a time when the water in the valley was sparse." In any case, the political differences between the two men's departures remain much deeper than the natural ones. What, however, does Ahmed Ben Salah believe? What is his view of what has come to be called in Tunisia "the Mohamed Mzali case?" It is a question with which I began the conversation. Mr Ben Salah answered by saying,

"I have no special insight on this issue. Rather, my analysis is oriented toward the nature of the regime in Tunisia. Everyone understands that this case constitutes part of the sequence of acts of vengeance, the use of scapegoats and evasion of responsibility with respect to people who bear responsibility for what has happened, or to their participation in this

responsibility. All that has happened to people who passed through the government without being in the government -- because the government has not been in the hands of any of those who entered the government in Tunisia but they were, rather, participants in it -- happens everytime problems occur in the country, these problems pile up or problems are created for the sake of getting rid of one person or another. The wanted person leaves, which is what happened to Driss Guiga (former interior minister) and Mohamed Mzali and was the lot of other people, until the people in the real government or the person who actually has been ruling has seemed to have cleaned the air and it has seemed as if things were going on at a distance from him though he is the one who organizes them and arranges the downfall of officials, as was the case with the acceleration of agrarian reform and the rejection of development (this is the reform Ahmed Ben Salah led and on whose account he left). All these maneuvers are for the sake of getting rid of people. Of course, I say all this in the political context without having anything to do with the accuracy or inaccuracy of the charges bearing on some people's conduct from the financial standpoint. If there is a person who is responsible for thefts or who has used power for the sake of unlawful enrichment and has wasted the country's resources, I cannot confirm that, because I have no evidence with which to confirm or deny. Rather, I look at the purely political angle. In this regard, I can say that even if we assume that so-and-so has become embroiled in financial matters, that is something that cannot remain unknown for 5 or 6 years. Why should these people stay protected throughout this period at a level of responsibility which would allow them to do all this and more, and then, after that, when ideologies or a change in circumstances appear or new intentions related to the future of Tunisia emerge, these people leave for reasons which ought to have been brought out years before?

AL-DUSTUR: Mohamed Mzali, in a statement to AL-DUSTUR, asserted that he had a political plan which was aimed at assembling the dynamic forces in the country and the opposition groups, including old ministers and political personalities. Here I would like to pose the following question to you: are you prepared to participate with Mohamed Mzali in a political plan?

Ahmed Ben Salah: I am not prepared to participate with anyone who bears responsibility for the current conditions in Tunisia. If there is hope for a safe transition for Tunisia from the current situation to one of true independence based on manliness and dignity, it might indeed be through a group of Tunisian fighting men, whether they are ones who participated previously in government or did not but are all well known for their patriotism and clean hands. I do not mean clean in the silly, trivial sense but also clean as far as engaging in repression goes, aside from the commission of thefts and illegitimate enrichment. It is possible that efforts might be joined among five or six persons to pave the way for a transition period which will not be difficult or harsh for the Tunisian people, especially with respect to the Tunisian people who are suffering from everything that is happening, have started not to trust anyone and have lost trust even in their country, because there is no future in their country. That is the danger Tunisia has come to because of all the people who have actually ruled or taken part in this process of deterioration which has afflicted the generations and the Tunisian workers and peasants, and the status of Tunisia in general. The

Tunisian nation has been diminished at the hands of these people, women or men, to the point where it now amounts to a sick farce.

### The Economic Crisis

AL-DUSTUR: A program exists to reform economic conditions in Tunisia under the supervision of the International Monetary Fund. Do you believe that this program will solve the economic crisis that everyone is acknowledging?

Ahmed Ben Salah: The economic crisis in Tunisia is not new. Everyone has an awareness of this economic crisis. The people who have been in power for close to 20 years have a theory in the economic field which says that economics is embodied in the figures and accounts they can present to public opinion. As far as I am concerned, however, economics is another totally different thing. It consists of giving the society the wherewithal for progress, not granting the system of government the means for announcing that it has advanced. It consists of giving the society the wherewithal for progress, knowledge and freedom. The crisis took form a long time ago, that is, more than 20 years ago. Moreover, this crisis is not in reality an economic crisis. There are many countries in the third world which suffer from the poor management of their economies, the enrichment of successive political classes and subordination to the injustices of the international system, regardless of the angle of subordination in the world crisis. There are people who have suddenly awakened to discover that an international economic crisis exists and have trumped it up in relationship to their domestic conditions, which have deteriorated because of their mismanagement and their refusal to work seriously toward helping the society to be prepared to challenge economic difficulties, whether these countries have wealth or are like Tunisia, which does not have great wealth. Therefore, the economic crisis in Tunisia is a crisis of accounts and numbers, because these accounts have been disrupted due to the mismanagement which has gone on for many years. When some wherewithal for prosperity was made available in Tunisia, in the form of petroleum and the rise of prices of primary materials, that was not exploited for the sake of Tunisia but to enrich some people and help foreign capital fleece the country through industrial "junk" they implanted in the country. This resulted in increasing the burden of accounts on Tunisia in terms of debts. These accounts were disrupted in particular in the absence of the productive forces, which were beaten and repressed. There is no dynamic social class which has not been repressed in an almost radical manner. Now, the accounts are in the hands of a government of accounts which has no connection to the philosophy of development but might, instead, be good at the accounts which have been disrupted, and the International Monetary Fund and the World Bank, which are also organizations of accounts, alongside their political goals, through which they draw such countries into absolute subordination to the forces which control things and stand behind the World Bank and the International Monetary Fund, have made their appearance. Consequently, it is not possible to eliminate the economic crisis in Tunisia through this type of claim which stands out in the statements of officials, holding that there is a crisis and that one can transcend it only through pressure on the weak social classes, while ignoring, or failing to realize, that this crisis came in the climate of the absence of the forces of the people, including what one can call the forces of the ruling party. This

party has been transformed into a system lacking in forces of the people like any other system and it is the only system that exists, because the system of the government is the system of the party. As far as different ideas and systems go, in particular the Tunisian General Federation of Labor and the other organizations, they are fragmented and scattered. The crisis therefore is not an economic one but a political one, and a crisis of government which ignores all the goals on whose behalf it was established after independence, and does so in stages, where no stages existed for the construction of Tunisia but rather stages existed for negating the future of Tunisia. Now let them say what they want, as long as the media and the agencies of repression are in their hands. However, the fact is that Tunisian society is repressed and it cannot help rise above the crisis of accounts, the responsibility for which is borne by the ruling people in the country.

#### The Political Plan

AL-DUSTUR: Do you mean, by what I gather from your statement, that the ruling people in the country have no political program?

Ahmad Ben Salah: I do not believe they do. They deny that the opposition exists, which is strange in itself. These people are repressing the Tunisian General Federation of Labor, opposition movements and figures, are putting persons in exile, are following them and are persecuting them sometimes, listening to their telephone conversations and depriving the opposition of the most minor everyday freedoms. Then they say that there is no opposition. I have listened to officials in the government and the political bureau of the party, people who consider themselves shrewd and sagacious, some of whom were on our side then shifted more than once in their positions. Such talk in reality is not proof of strength but is proof that they do not respect themselves. They are trying to rise above their participation in the acts of repression by conducting attacks on others, by striking at the social organizations and the Tunisian General Federation of Labor, fragmenting the student forces, aiding and facilitating the task of the extremists and ignoring the country's resources. In order to justify these positions of theirs, they say that the opposition does not exist.

AL-DUSTUR: But the opposition itself suffers from a shortcoming. The Popular Unity Movement, of which you are the secretary general, has not, although conditions in Tunisia have changed more than once since 1975, reviewed its charter, which it issued more than 10 years ago. Is this proof of stagnation within the Popular Unity Movement, at a time when Tunisia's conditions are in constant change?

Ahmed Ben Salah: If this is a journalistic question, it is reasonable. If it is a judgment, it is strange.

AL-DUSTUR: It is a journalistic question.

Ahmed Ben Salah: We still consider that the basic general thrust of the 1975 charter still exists and nothing has happened, or I believe will happen, to change the basic thrust. We never said that the popular unity charter was a program; rather, it consists of the thrust of the action program. Alongside

the first theoretical section bearing on the analysis of the crisis in Tunisia and the actual conditions of Tunisian society, there are some facts, in application, which really do change, while the basic orientations do not change. We still for example believe in our Arab Islamic affiliation. That is a basic matter today in Tunisia and the Maghreb. We believe that the crisis in Tunisia is not an economic one but one of government and the type of government. We believe that economic development must be on behalf of all, with everyone participating for the public benefit through structural reforms. This basic, original thrust cannot change. No one who wants to judge the Popular Unity Movement must confine himself to the charter.

The movement has managed to meet a number of times abroad at the level of the national council. A document emerged from each meeting to evaluate the conditions which newly arose in Tunisia, when we considered that they were conditions that had newly arisen, and to evaluate the situation, while setting out the appropriate recommendations. The five-point program emerged and all the personnel of the Popular Unity Movement were arrested because of it within this context. We are now intending to publish a transitional program for Tunisia which is ready and represents a summary of the documents which were issued by the Popular Unity Movement. Every year such documents are issued, but we do not have the means they do for reaching public opinion in order to make our voice heard. If they give us, like other people, as happens in some other countries, 1 hour a month to convey our voice to Tunisian society over the radio and television, you will see the result.

#### The Breakaway Party

AL-DUSTUR: Some people are wondering about your failure to be won over to the policy of the Popular Unity Party which broke away from you and is headed by Mohamed Belhadj Amor. In place of this rigidity, why don't you like them follow the course of exploiting gaps and engage in such activity as is possible now, while waiting to realize greater gains and further progress in order to realize yet more gains? As we notice, since its establishment, the Popular Unity Party has been able to realize gains greater than those achieved by the Popular Unity [Movement] established in 1973-74.

Ahmed Ben Salah: What are the gains and for whom?

AL-DUSTUR: Participating in the elections with five lists. It was the opposition party which participated the most.

Ahmed Ben Salah: If these are the gains, we are opposed to such positions. We consider that to participate in the elections is to participate in the regime and in the type of regime that exists in the country. We cannot agree with them over this consideration. Nor can it be said of us that we want socialism immediately or justice or democracy immediately. We have never said that in any document we have issued. It is not strange that we should be the only party that is constantly persecuted by the regime and constantly harrassed. At some points, this persecution has been almost daily. Why this concern to repress and suppress the Popular Unity [Movement]? Perhaps you know how they came into the premises of the publishing company where we have sheltered ourselves, as everyone knows, because we are not recognized by

law, and took all the equipment and documents and everything in the place. A month hardly passes where the members of the movement are not subject to police investigation for a period of many hours. We do not believe that gains exist in the context of such a regime. We do not want gains even for our movement as a political movement. We want gains for Tunisia. There is not a single gain that Tunisia has realized in the direction of the presence of a recognized opposition. The greatest proof of that is the Movement of Socialist Democrats, which pursued a policy that was in keeping with the other remaining opposition movements working in order to participate, but has retreated from this course today because it realized no gains. In reality, there are people in the opposition who have formed opposition movements in order to help the government, so that this government, especially abroad, can offer the argument that democracy exists and that each country has its own approach as far as democracy is concerned. But where is the democracy? It does not exist even within the ruling party itself and within the government. The very rudiments of democracy do not exist.

AL-DUSTUR: Do you have relations or contacts with the other opposition movements?

Ahmed Ben Salah: We have no relations but we have respect for some persons in the opposition, although we have not been in agreement with them over methods of action and the evaluation of things and positions toward the authorities, and although they consider us, as they say, radicals, and we want radical changes in Tunisia while they use other approaches. However, as long as the type of government in Tunisia remains as it is now, and as long as the government's concerns continue to be not democracy, economic development or emergence from the crisis but are embodied rather in marriage, divorce, conspiracies over various persons, the persecution of various persons and devising the wherewithal for forming a regime which will perpetuate the conditions that exist now, we will continue on the same course and will not consider that the position of the brothers in the opposition, who consider that their presence on the stage will facilitate the transition from this situation to a better one, are in the right or the wrong. Since some opposition movements were recognized by law, we have seen no new gains, because the nature of the regime rejects that. The latest statements of the people who want to transcend the crisis through the International Monetary Fund stand clearly against the opposition movements, because they consider that the opposition does not exist and that it does not have ideas, opinions and a program, while these people have come into being because of the factors that lie behind the programs the opposition parties have set out. However, they have taken only the background factors.

#### The Sudanese Experience

AL-DUSTUR: Some opposition movements in Tunisia have started studying the Sudanese experience in an attempt to compare it to the situation in Tunisia and benefit from it. Are there points of congruence between the two situations?

Ahmed Ben Salah: I do not believe that the comparison is valid. It is easy to make comparisons. We can compare Tunisia to Haiti or the Philippines,

but nonetheless the comparison remains an incorrect one. The conditions which existed in the Sudan are peculiar ones, and I believe that the thing that helped bring Numayri down is that these conditions became excessively strange. We in Tunisia however have become so excessively strange that people have become anaesthetized. The awakening will be difficult, as was the case in the Sudan. However, in terms of substance, there is individual rule, vacillation and extremism, from apostasy in everything to the imposition of Islamic law on everything, for example, through slander and lying. However, if a correct comparison is needed, we must view our conditions in the Arab nation as a whole. There are features of similarity. For example, first of all, in the constant retrenchment in the face of the enemies of the Arab nation. This retrenchment has resulted from foreign pressures and the mediocre nature of internal conditions, which has arisen for a basic reason, which is repression in its various forms, that is, the elimination of a society which could help these regimes, even in their present condition, resist the enemies. Secondly there is the internecine strife that exists among Arab countries to the point where they now are afraid of meeting, because it will be a meeting of deficiencies without the determination to transcend these deficiencies, because such an enhanced state would arise through respect for the Arab society.

#### Unity of the Maghreb

AL-DUSTUR: As you are a person who for a long time has participated in the course of efforts to unify the countries of the Maghreb, we would like to know your opinion about the efforts which are being made at present to transcend political disputes and give greater attention to the formation of a common market among these countries to face foreign pressures, especially the European Common Market.

Ahmed Ben Salah: I do not believe that these attempts are sincere and they cannot be sincere while internal conditions are as they are, as far as Tunisia goes at least. What exists is tactics and not strategy, though the unity of the Maghreb should be considered one of the most splendid of strategies. However, so far, we have witnessed only tactical circumstances. A given regime allies itself with another one to squelch its status; you hear a great milling and see very minor quantities of flour. There are tactics of another kind: a given regime has designs on another one, or a given country is a great problem for a neighboring country.

AL-DUSTUR: The Tunisian-Algerian treaty therefore consists of tactics?

Ahmed Ben Salah: In my belief, it is tactics, without analyzing and explaining the reasons, because I am embarrassed that the games with countries and peoples have reached such a point that people forget that in the foreword to Tunisia's first economic plan after independence, which we called the transitional plan, we wrote that this was a transitional plan because it was written before the independence of Algeria and because conditions would change when Algeria became independent.

Consequently, we tied the fate of Tunisian planning and development to the independence of Algeria and the effort to unify the Maghreb. This is written

in the official text which constitutes the law of the land. The person who was in charge of the economy at that time consummated the idea in being in 1964 and I had the historic honor of forming the first committee for the establishment of economic solidarity among the countries of the Maghreb. This committee continued to exist as an entity lacking substance. Then we tried to hold the Moroccan summit meeting in 1966, but tactics made it mandatory for officials in the Maghreb countries at that time not to meet. Now, however, we do not say no to the attempts, but who are the people who are carrying these attempts out? What is their position, person by person, within their societies? Others might be men of integrity, but what is the situation as far as Tunisia is concerned? The officials get close to other countries to anaesthetize Tunisian society. This is a sort of repression. Then they ignore history. When they talk about the Tangiers meeting of 1958, they feign ignorance of the previous meetings which took place to unify labor movements in the Maghreb. There was a charter for the labor movement of the Maghreb, with the participation of the Moroccan Federation of Labor, the Tunisian General Federation of Labor and the General Federation of Algerian Workers. This charter was set out in December 1956. When I signed the draft charter in Casablanca, they announced that I had been dismissed from the secretariat general of the Tunisian General Federation of Labor. Moreover, they pretend to ignore that Ahmed Tlili, the secretary general of the Tunisian General Federation of Labor, and Rachid Kaïd of the Federation of Algerian Workers attended the Tangiers meeting of 1958. They said that Abdelhmid Mehri headed the Algerian delegation, while Farhat Abbas headed it. It is as if such errors of history were necessary and essential.

#### Arab Wantonness

AL-DUSTUR: My final question concerns the Arab position on the arms transaction between Iran on the one hand and Israel and the United States of America on the other. How do you view this Arab position and this cooperation in the provision of arms?

Ahmed Ben Salah: The fact is that as far as we are concerned this is nothing new. We learned from one place or another, through the press sometimes, that there were arms transactions via Israel, directly from Israel, or transactions from the United States via Israel, which were sent to Iran via Denmark. All this was revealed before the disclosure of the current scandals. It is out of the question for me to imagine that some Arab countries do not know about such transactions and it is a grave matter and great responsibility when Arab countries know of this matter, especially the Arab countries which cooperate with Iran and supply it with arms to bombard Baghdad and Iraq without taking any position. This is part of the essence of the crisis. They may call that an economic crisis or a crisis of confrontation of imperialism or Zionism, but in reality it is a crisis of government, and the neglect of societies and the aspirations of these societies, to the point where Baghdad, the capital of Arab civilization, has been subject to bombardment by arms in Iran's possession which are bought with Arab money, along with neglect of the basic issues and the wanton fragmentation of Lebanon and wanton neglect of Iraq and the perseverant Iraqi people, who are almost persevering alone in the face of this aggression as they seek to rid themselves of the war, not just for the sake of ridding themselves of the

war but to participate in what is more important than the war with Iran, that is, to salvage and unify Lebanon and stand up to the Zionist expansion. These conditions, alone, regardless of our regional and local affairs, dictate the need for alternatives in the Arab region and the performance of comprehensive movement by the progressive forces of independence and liberation, because we are indeed in a period of struggle for liberation.

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DALI ACCUSED OF FORMING PRIVATE MILITIA

Tunis AL-ANWAR AL-TUNISIYAH in Arabic 30 Nov 86 p 30

[Article by Salim al-Gharbi: "Establishing an Intelligence Network and Hiring a Lebanese Spy"]

[Text] The "plot," as it has correctly been called, or the secret militia case involving Dr Rifaat Dali, seems to have taken a new turn lately, now that Chief Investigator Hassen Ben Flah has authorized a state security team to investigate the case.

Meetings at the SAJAD Company head office; aides given "grants;" a young Lebanese collecting information; secret reports on various political tendencies--all of these important, interconnected events flow into a single case--the "plot." AL-ANWAR has obtained the following details.

First of all, it must be recalled that Dr Rifaat Dali is involved in another case, investigation of which was finished 2 weeks ago--the Tourist Development Company (SAJAD) case. Dr Dali was president of that company.

In this context, we have learned that the file on the case has been sent to the prosecutor's office so that a trial can be held.

Since January 1984

Information obtained by an AL-ANWAR correspondent indicates that by virtue of his position at the company and his relationship to Former Prime Minister Mohamed Mzali, Rifaat Dali used the company's head office to meet with persons who obviously belonged to the "militia network" he set up in January 1984 in order to find out about thoughts, intentions and political inclinations harmful to Mohamed Mzali.

In his office, Dali would meet with more than 20 persons whom he had assigned to this mission, and would provide them with huge sums of money, ordering them to sneak into various places where they might obtain information of interest to his brother-in-law, Mohamed Mzali. It has become clear that Dali assigned persons from the network to seek out anyone who might be scheming to remove the former prime minister.

AL-ANWAR has also learned that when questioned about the network's activities, Rifaat Dali denied everything, even though during the investigation he stated that the revolver which security forces found in his office was registered to him.

#### "Exchange of Views"

As for the tasks he assigned to his supporters, Dali stated that they involved an exchange of views on political questions and nothing more. However, the investigation revealed that the defendant would meet with each person separately, and would then write comprehensive reports which he later gave to the former prime minister.

In another context, we have learned that during the investigation, Rifaat Dali denied the "medical testimony" which might have been issued by a "medical committee."

#### An Imported Spy

According to the investigation, Dali "backed up" the individual members of his network with a foreigner whom he met in the fall of 1984. Dali assigned this young Lebanese, named Yazid, to infiltrate the arena of political activity, attend various meetings, and report what went on.

During investigation of Dr Dali's private secretary, it came out that this secretary was paid an additional allowance of 100 Tunisian dinars in addition to his salary.

Fawzi said that before any activity was undertaken, he would receive all the orders from Dali himself, who, according to Fawzi's statement, would meet with members of the network in his office at SAJAD and given them loans as payment for their activities.

It also came out that the young Lebanese fellow would meet separately with Dr Dali.

AL-ANWAR has learned that the criminal court will look into this "plot" case as soon as the SAJAD case, in which Rifaat Dali is involved, is concluded.

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## RULING PARTY SEEN BEHIND LABOR UNION'S TROUBLES

Tunis AL-TARIQ AL-JADID in Arabic 22 Nov 86 pp 1,3

[Article by Junaydi 'Abd-al-Jawwad: "Has the Labor Union Movement Come To An End?"]

[Text] Has "the deed returned to its source?" Or has it been robbed of its essence and divested of content, now that its framework has been shattered? It cannot be concealed that the ruling party has raised its hand against the Tunisian General Labor Federation in a manner known to all. The labor union organization has been attacked, and its legitimate leaders have been replaced with first-class and then second- and third-class leaders in the context of an imaginary "unification" or a fictitious "congress." The federation's property has been expropriated and its headquarters occupied by force, and several of its strugglers and legally elected leaders have been tried, particularly its secretary general, who has been arrested and released several times. In fact, hundreds of workers and unionists have been fired from their jobs with no respect being shown for the simplest rights guaranteed them by the country's constitution and laws, all because they refused to submit to the status quo and insisted on legitimacy; because they rebelled--if that is the right word--against the law of the jungle and the logic of terrorism and upheaval! The fact is, those who have now been appointed to head the federation do not at all represent the working masses, who have refused to recognize them or endorse their conduct. Thus these leaders remain completely isolated from the Tunisian workers and from the international labor union organizations--Eastern and Western alike--which have rejected the appointees in spite of all their efforts, with the authorities' help, to escape this isolation and step up their blockade of the legitimate formations, to keep them from playing their part in organizing the workers and defending their demands and gains.

Actually, "the deed's return to its source" is a new attempt by the ruling party to extend its influence and control over the labor organization. But it can do this only by divesting the federation of all popular and democratic content. This has placed us Tunisians today in a terrible organizational vacuum, taking us back to that black period from January 1978 to January 1980, when civil society lost its equilibrium, general freedoms were abolished, and

hard-line logic and violence displaced dialog and consultation, thus exposing the country to unimaginable dangers! In addition, everyone could see the intense competition over the "succession," which has not yet been resolved in a civilized, sound, rational manner within truly elected constitutional organizations, but has remained subject to domestic conflicts and aspirations and foreign interference. This has made the situation even more critical and obscure, and has not helped bring about even a minimum of political and social stability, without which the "solutions" remain conditional and impromptu and the "reforms" spontaneous and superficial.

However, one hopeful sign is that the labor organization, in spite of the paralysis which has afflicted it because of this plot, the likes of which has never been seen ever since it was founded, has retained its essence outside the official framework embraced by pro-ruling party elements. The unionists have demonstrated their insistence on legality in spite of all their difficulties in communications and movement. In spite of the pressures placed on them on the job, they have been able to stand firm, fight submission and fear, and organize reactions to every maneuver, the latest being the "unification," which will end up with another fictitious congress representing yet another attempt to legitimize assault and occupation.

The unionists' perseverance is the only way to escape the dilemma, during which the country's political, economic and social conditions have deteriorated.

That is, economic difficulties cannot be confronted by destroying the labor union movement, oppressing the working masses, and spreading feelings of impotence and despair among all the workers.

Neither can these difficulties be confronted by going along with the International Monetary Fund and submitting to its instructions, which are aimed at making the workers alone bear the consequences of the crisis. It appears that the current government has insisted on this, just like its predecessor, disregarding the country's bitter experiences. We go from crisis to crisis, and the solution is always at the expense of the struggling classes, the weak and the deprived, whose voices are silenced every time, and who are prevented from speaking out!

The economic difficulties can be confronted only by relying on the country's vital, organized forces, which must enjoy all the rights and freedoms guaranteed by the country's constitution. In the vanguard of these forces is the working class, which has the struggling traditions and the national and social resources which will enable it to contain the crisis and limit its negative effects, as long as its gains are respected and its rights observed. As for the constant maneuvers aimed at containing the labor organization and attempting to eliminate or restrict its legal frameworks, under these circumstances they are nothing but a kind of gamble, a strange bet that a vacuum will solve our economy's difficult problems, the result of years of neglect, mismanagement, corruption and favoritism, aggravated by the policies of the World Bank and the International Monetary Fund.

Some people might think that the problem of the federation has come to an end, in view of the important points scored by the enemies of the working class by virtue of their being in positions of power, especially in the face of widespread indifference and a wait-and-see attitude. However, this "victory" is only temporary and superficial. In the face of the government's stubborn adherence to the same old liberal capitalist tendency, the workers, unionists and the various progressive and democratic forces supporting them, especially the opposition parties which have declared their stand alongside union legitimacy and their readiness to take practical measures to embody their solidarity with the federation, can only undertake joint action to defend the legitimate demands of the workers and support the brave legitimate formations which have expressed their readiness to carry on their struggling missions during this critical phase through which the country, the workers and the labor union movement is passing. In this context, the danger inherent in some of the negative tendencies obstructing the struggle must be pointed out, such as the tendency to wait and see what happens, the tendency to adapt to circumstances according to private or narrow partisan interests, and the tendency towards preoccupation and closed-mindedness. These tendencies have led some unionists to gamble, intentionally or unintentionally, on this or that group in the ruling regime, instead of relying on the broader labor bases and on the forces allied with them or supporting them, so as to effectively change the balance of power in favor of serious dialog with similar legitimate formations and civilized dealings among social groups. It is incumbent upon us to get rid of these harmful tendencies and resist them seriously, so that the democratic labor movement can get out of its dangerous stagnation and fragmentation and successfully promote the struggle to achieve the pressing demands which are common to all progressive and democratic strugglers and to the labor movement and its allies, and which are responsive to the interests of the working and struggling masses--be they demands connected with restoring union rights and freedoms, restoring the federation's legitimate formations, resisting arbitrary dismissal and returning the dismissed to their jobs, or demands connected with preserving the buying power, wages and jobs of tens of thousands of workers threatened with unemployment for "economic reasons!"

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INCREASED CONFLICT SEEN IN UNIVERSITY POLITICS

Tunis AL-ANWAR AL-TUNISIYAH in Arabic 23 Nov 86 p 4

[Article: "The University: Political Parties Becoming More Open?"

[Text] The unionist competition at the university has demonstrated, now more than at any time past, the bankruptcy of the leftist and rightist platforms alike. Special information obtained by AL-ANWAR may perhaps fully prove our claim.

We have learned that a leftist-Destourian rapprochement has begun coalescing--by leftist we mean, of course, the Marxist left. Actually, this rapprochement is not all that surprising, since repression may sometimes bring together the most violent of enemies, and all those factors which had kept people apart may, because of the exigencies of political action, unite them. Historically, the prime factor bringing the leftists and Destourians together has perhaps been both parties' struggles as part of the General Union of Tunisian Students [UGET], while the nationalists have been out of this "game" ever since the Sixties. The second factor is a purely formal one; the leftists are calling for an eighteenth extraordinary congress, and the Destourians, alone among all the other groups, are heading in this direction as well.

Of more importance right now, we have learned that 11 Islamists were arrested recently for 4 days, and only two of them were interrogated. This brings up an important question: why was this group arrested and then released so quickly? Is it true that the Islamists needed another opportunity to show their good intentions, and that it was given to them in this manner?

AL-ANWAR has also learned that there is still controversy over the need for, and practicality of, organized action at the university. Its precise conceptualization and methodology has led to the emergence of a second stand which may perhaps have contributed to the split among the Islamists, especially since the new spirit at the university has met with reaction from some Islamists, including those who had taken a stand prior to the Islamic federation's founding congress and who, in spite of their reservations, and perhaps out of adherence to their party line, shared in and assumed responsibilities in some UGET sections. Those who have taken this stand are also favoring the Destourian tendency.

AL-ANWAR has learned that another offshoot of the Islamic Tendency has contacted a group from the Tunisian Communist Party and another group of revolutionary unionists for the purpose of reviving the front, the discarding of which may have been part of the calculations of the Communists, who have also gone to sit with the Destourians!

#### Possibly Unpleasant Consequences

The uproar is unprecedented, and the events might lead to similar conflicts. However, it is certain that the game might be of great benefit to the Destourians, especially since for several reasons it has now become impossible to retreat. Also, the Destourians' presence at the university has become an established fact.

The question which terrifies everyone is: will the specter of violence rise again? AL-ANWAR has learned that at all the student meetings the old, refurbished platforms are still being brought up. The struggle going on right now between the Islamists and the leftists, which is cloaked in terrible verbal violence, might be a "Trojan horse" ridden only by proponents of revolutionary violence.

In another context, AL-ANWAR has learned that some of the deans and directors of higher institutes and colleges which have recently witnessed unrest have taken it upon themselves to issue warnings as to the consequences of any violence. The director of the journalism and information sciences institute has issued 12 reprimands to students, and has threatened to convene a disciplinary council in case of any violence. The director of another university organization has threatened to shut down that organization, reminding the students that intervention by security forces is always possible.

#### Is Awareness Returning?

In the midst of all this news, some of which makes sense and some of which is totally inconsistent with the needs of political maneuvering, those who reject union activity at the university are staying aloof, laughingly waiting for the balloon to burst, which might happen soon within one political tendency or another. Everyone else is sitting by in confusion, waiting to see who will revive the union and win, and who will kill all his enemies without hurting himself, and what will happen after that with the Destourians, who will do nothing without legal guarantees for their several goals: to maintain their actual presence at the university under any circumstances, even if the awaited union chooses a leftist leadership; to put a final end to violence as a primitive means of dialog; and to restore things to normal at the university. These desires may be realized, or they may fall by the wayside!

8559

CSO: 4504/71

## TUNISIA

### BRIEFS

WASSILA'S RETURN--Observers expect that within the next few days Tunisia will see important developments with political and social ramifications, an expectation based on reports from the Republican Palace concerning the imminent return of Mrs Wassila Bourguiba to Tunisia at the wish and insistence of President Bourguiba. The reports indicate that Wassila has agreed to return, but has stipulated that President Bourguiba must visit her in person at her present residence in Paris, so that they can return together under ceremonial circumstances which will restore her political and personal respect and remove the last vestiges of their divorce case from the Tunisian public's mind. President Bourguiba has agreed to Wassila's demands, and reportedly will go to Paris as soon as possible. Some observers think that the opportunity for this may come in December, when President Bourguiba will be going to Paris for a dental appointment--and to meet Wassila. [Text] [London AL-DUSTUR in Arabic 24 Nov 86 p 3] 8559

CSO: 4504/72

## PROCESS OF TRAINING NEW RECRUITS SURVEYED

### Early Recruitment Phase

Baghdad AL-JAYSH AL-SHA'BI in Arabic Dec 86 pp 58-61

[Article: "First Experience in the Life of a Fighter in the Popular Army"]

[Text] Our just and legitimate national war against the expansionist racial aggression of the oppressive Khomeyni clique has sparked the enthusiasm of the entire people, has unleashed the sources of their creative energies, and has raised the spirit of revolutionary drive to perform the sacred national duty of defending the homeland and its honor, independence, and sovereignty with weapons and heroic combat.

During the war years, hundreds of thousands of our people set out to enlist in the Popular Army and to gain the honor of effectively and directly participating in the battle as a true expression and a sincere translation of their deep faith and ties to the homeland and their genuine interaction with the revolution and its unique historical leader, Saddam Husayn, who has led Iraq on the road of steadfastness and embracing victory over the enemies and has erected for Iraq, even under war conditions, the pillars and requisites of its strength, omnipotence, and florescence as a foundation and a firm and solid base for perpetuating and regenerating its triumph to achieve the ultimate and decisive victory over the aggressors.

### Glorious Feats By the People

Besides the effective participation of hundreds of thousands of volunteers who have enlisted in the ranks of the Popular Army and their entry into fierce battles against the Iranian aggressors, side by side with our heroic armed forces, our entire people, young and old, men and women, were and still are the reserve force whose source does not dry up in fulfilling various duties and tasks and creating glorious epics which shall forever tower over the presence and future of our country.

History will not forget those resplendent pages written by the will of the Iraqi human being in support of the war effort and in securing the requirements of victory for our intrepid armed forces.

Ever since the outbreak of the war, thousands of workers have dedicated their efforts and their ready energies to the building of roads and the construction of dams and the digging of positions behind our units along the length of the battlefronts and wherever necessary under enemy fire. Moreover, tens of thousands of volunteers embarked on the biggest campaign to mow vast areas, where papyrus and bamboo grow, under extremely difficult and dangerous circumstances in marsh and swampy areas, building dams and roads to give our armed forces the military edge in their confrontation with the Iranian enemy to destroy it with the utmost force.

The people have set magnificent examples of giving and sacrifice for the sake of the national cause by contributing money and gold to support the battle and provide the requirements of triumph over the frustrated enemies.

#### From Enlistment to Training

Amid steadfastness, triumph, and rising hopes and confidence in the present and future, thousands of eager citizens headed for the enlistment centers to participate in Popular Army units and various combat support groups.

When a Popular Army volunteer meets the required qualifications and is pronounced fit for combat duty, he is assigned to a unit to assume his place as a fighter after passing the preparation and training process to prepare him to move with his fellow fighters.

Before a new volunteer can join a regular training camp to receive basic training and proper military education, Popular Army subcommands within their geographic areas prepare the new volunteers psychologically and politically in addition to taking charge of the basic training process to secure for them the necessary level of physical fitness and the proper organizational state for entering the regular training camp.

While volunteers are being prepared and organized within Popular Army units, seminars are held for them and special meetings are organized with them to offer objective and elaborate explanations on many political matters and organizational and administrative aspects with which they must be acquainted at the appropriate time as part of the basic training process.

During this preparatory stage as well, fighters are trained in certain necessary exercises and activities to stimulate and raise their physical fitness and sharpen their suitability for combat missions.

In the last stage prior to joining the Popular Army's regular training camp, volunteers would have actually made good headway in the performance of their duties and have become closer to being full-fledged fighters, the highest honor and the noblest glory an Iraqi citizen can attain confronting foreign invasion and aggression against his country.

#### Stage of Attachment to Weapons

During the training stage at the regular camp, a combat volunteer would have owned his weapon and received full military gear. Naturally, this situation

he faces for the first time has a great effect on his psychological condition and well-being.

When a fighter takes possession of his weapon and gets used to carrying it and becomes acquainted with its characteristics, mechanics, and power, he is beset with a growing and overflowing feeling of pride in being able to face any difficult situation, which is natural. But these feelings intensify when he experiences the communal life among his comrades who share his human feelings and are spurred by one goal and a common destiny.

To the same extent as a fighter embarking on his first experience finds himself strong in the face of changes in his life, he finds that this strength is doubled in his fellow fighters. Therefore, his psychological and mental constitution is rendered complete at such a stage, a form that renders the fighter able to continue the training process and pass it with success.

During the training period, the fighter feels closer to his weapon for it becomes part of him. This is the intrinsic point which must be attained because it is one of the most important prerequisites for a fighter's success in expressing his faith and dedication to duty on the one side and proper and sound handling and care of the weaponry on the other side.

#### Physical Education

During the continual training period, the new volunteer bids farewell to many harmful practices and dormant trends in his life, embarking on a stage of activity, vitality, and regeneration.

Early reveille and morning exercises restore his natural vigor and make him feel, and rightfully so, a sense of emancipation from laziness and lethargy that eclipsed his real energies. He becomes able to engage in rigorous physical activities he did not imagine he could muster or endure in civilian life.

It is worth mentioning at this point some goings on one can witness at Popular Army training camps. We will try to point out some examples.

--Upon going over a wall designed for rigorous movements with agility, one fighter turned to his friend while pointing to his gray hair and said: "I have done it even though they insist that I am too old for that."

--At the end of on-the-double exercises, an instructor asked a number of older fighters in the formation to take a rest. The answer was emphatic. They said: "We are young and will not leave our place until we produce results equal to those achieved by the younger trainees."

During the endurance exercise at one unit, the trainer asked that young men from the fighters of one of the bases lead the long march. More than one fighter of relatively older ages at the base came forward and the trainer praised their zeal and high spirit. They actually set the tone and the example for the base throughout the exercise and proved their effectiveness and merit.

There are many other innumerable examples that underscore the enthusiasm of volunteers of various ages, as mirrored in their zeal and interaction with various aspects of training although it is the first experience in their life.

#### Adjustment to Military Life

The political, psychological, and military conditioning a new volunteer receives during conscription or at regular training camps prepares him for assuming his place at the battlefield.

This conditioning helps him to adjust to military life and to get accustomed to performing various combat duties. It dispels any unrealistic and inflated preconception he may have had prior to his new military life, especially after experiencing the real thing and gaining confidence in himself, his ability and his fellow fighters.

During the time set for combat duties to be performed by new volunteers, a fighter builds up his strength, his physical fitness is at its best, and his combat readiness and morale rise to the top.

Human relations and comradeship in arms leave their clear and tangible effects on the life of the popular fighter, both during and after a combat mission. When the volunteer returns to civilian life, he maintains the same standard of seriousness and strict observance of work ethics to which he got accustomed in his military life. Even in his daily life with his family, friends, and environment, he is more humble, positive, and effective in a way that underscores his conduct as a fighter in the Popular Army ranks who is its standard bearer and upholder of its glorious traditions.

And since our just and legitimate national battle against the expansionist racist Iranian enemy is still going on, and in order that our struggling country may achieve a decisive and final victory over the Khomeyni clique to force it to submit meekly to the will of peace, right, and force. A popular fighter is always ready to repeat a combat mission to use all his amassed experience and outstanding skills in the service of the nation, the people, and the revolution and in glorious heroic combat: a medal of honor, glory, and pride to every Iraqi.

#### Realistic Battle Exercise

Baghdad AL-JAYSH AL-SHA'BI in Arabic Dec 86 pp 62-64

[Article: "Importance of Battle Innoculation Exercise"]

[Text] The fighter spends a specific period of time at the Popular Army's training camp, a record time for implementing the comprehensive training program that guarantees the fighters basic military knowledge and expertise to help them perform their assigned combat missions and duties well at the battlefield against the brutal Iranian enemy.

During the training period spent at the training camp, the fighter receives various applied exercises and instruction related to the use and care of arms, military courses, physical fitness development, and military discipline.

In the last stage of training, the sector, with all its formations, carried out the battle inoculation exercise. This day is a memorable day in the life of the fighters, for every fighter gets the chance to test his physical fitness, endurance, and ability to carry out climbing and regular crawling exercises, running an obstacle course and other activities that simulate actual battle conditions.

#### Importance of Exercise

The battle inoculation exercise is one of the important events of the training program. Therefore, the camp's management takes all measures and requisites necessary for the success of this exercise because it reflects, in some of its important aspects, the real standard of the entire training process and the measure of success in attaining the ideal state the training team seeks to accomplish when it takes upon itself the responsibility of training a Popular Army sector.

And since a Popular Army sector undergoing training will take its place at the battlefronts after completing the required training at the training camp, placing the fighters in a battle environment becomes something worthy of great care. This vital exercise must be handled with the seriousness that it deserves.

After the fighter carries out the necessary exercises in attack and defending positions and the proper handling of various situations he may encounter during direct engagement with the enemy, he goes through the battle inoculation exercise to get a real feel for the battlefield through the following:

1. Wall climbing, with full gear and weapons, ascertains the fighter's real ability to climb and cross over enemy high and fortified positions in record time. This is a running event that points out two things: the fighter's aggressive spirit, speed and agility in responding to orders, and his perfect physical conditioning through his drive and successful wall climbing in the shortest possible time.

2. Crawling under barbed wire under live rifle and machinegun barrages, fired at almost the same level as the barbed wire installation which the fighters have to cross by regular fast crawling and strict adherence to the proper way, gives the fighter an actual ability to deal with barbed wire installations around enemy positions and to overcome them during an offensive against enemy positions and fortifications.

Close-range fire barrages give fighters a chance to engage in activities under heavy fire and prove their composure and fearlessness under sudden enemy fire while crossing barbed wire installations.

3. Jumping over fires amid heavy smoke is a familiar sight during battle. Getting used to and successfully enduring such situations is a requirement in military life. Close contact with fire and smoke and gunpowder vapor inhalation gives realism to the exercise.

The fact is that the battle inoculation exercise is considered the culmination of the training process and a test of the fighters' abilities and physical fitness as well as the level of their interaction with the special environments of this exercise.

#### Psychological Effects of Exercise

When the training staff at the Popular Army training camp accomplish their duties within established limits, the fighters' mood and mental state would have reached their peak because combat readiness would have been tied to the duty of defending the country, the people's cause, and the revolution. Faith in the fairness and the legitimacy of this cause becomes a basis for a stronger sense of sacrifice, devotion and accomplishment of the most difficult and dangerous military duties with outstanding courage and manliness, for the desire to be killed in action for the sake of gaining glory, dignity, and pride for the homeland and the people as well as attaining the elements of strength, omnipotence, and lasting triumph for the revolution and its unique historical leadership.

Hence, the elements and constituents of the mood and mental state would have been implanted in the hearts and minds of the fighters and the battle inoculation exercise becomes a stimulus for the mental state to be in direct touch with experimental military battleground action as well as for making extraordinary efforts to carry out quick and rigorous movements under conditions that draw the fighters to practice and unleash their energies, vigor, and aggressive spirit.

What makes the battle inoculation exercise stand out is its collective nature and fascinating style. A group exercise executed by a sector with all its formations and commanders gives a feeling of added strength and boosts a fighter's confidence in himself and his fellow fighters who will take part in the combat mission.

The group exercise and all other similar activities complement the training process and carry fighters to the highest level of psychological and mental state of mind just before heading for the combat zone to engage in military activities against the malicious Iranian enemy.

While on the subject, note must be made of the role that the commanders of the sector under training at the camp must play to ensure the success of this important exercise by cooperating fully with the camp's management and the training staff and not excluding any fighters for any reason whatsoever.

12502

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## NEW IDF COUNTER-TERRORISM SCHOOL DESCRIBED

Tel Aviv BAMAHA in Hebrew No 6, 29 Oct 86 p 8

[Article by Hanoach Sheinman and Baruch Ron: "Infantry Chief Reveals News of IDF Counter-Terrorism School"]

[Text] In an interview with BAMAHA, Brigadier General Shmu'el Arad, chief commanding officer of the infantry and paratroopers, who is also in charge of anti-terrorism fighting, has revealed the existence of an IDF school for counter-terrorism which is training infantry units in this area. The training includes basic teaching of the subject and complex exercises in all the related areas, particularly exercises involving situations in which anti-terrorist fighters may find themselves. This training, the commanding officer said, allows the IDF to maintain a high state of readiness and to perform the most complex operations. The entire interview appears in the infantry supplement of the BAMAHA issue.

A press conference was held this week with military correspondents and the infantry commanding officer and additional paratrooper officers on the occasion of the week of the airborne campaign. Colonel S., commander of the paratrooper brigade, said that "The level of volunteering for airborne is currently very high and is satisfactory. Only one out of every four people who apply to join the brigade is accepted. In the past, during airborne's best times, one out of five made it." This Thursday the paratroopers mark the 30th anniversary of the Mitla air jump during the "Qadesh" war [Sinai Campaign].

"The airborne brigade is actually the only volunteer brigade in the army," Col. S. specified. "All the social strata are represented among the brigade troops. For example, men from development towns have no trouble integrating and are advancing in rank as high as battalion commanders."

The chief commanding officer of the infantry and paratroopers, Brig. Gen. Arad, said that in the past 2 years the infantry concentrated on two major areas: the economic dilemma (cuts), which has affected the entire range of activities and the scope of exercises, especially those for reservists, and current defense operations--in Lebanon and along the borders--which were "very successful and proved their usefulness." The chief commanding officer added that the infantry "has in these 2 years succeeded in maintaining a high level of readiness and, despite the budget restraints, a good training level, demonstrating capability, flexibility, and sometimes even improvisation." He added that progress has been made in the area of development and materiel.

## 'AMOS RUBIN, SHAMIR'S ECONOMIC ADVISER, PROFILED

Tel Aviv HA'ARETZ in Hebrew 31 Oct 86 p 3b

[Article by Nehemia Strassler: "Does Not Toe the Line"]

[Text] Those who last week listened to Yitzhaq Shamir's inauguration speech must have immediately recognized that the economic tone had been given by the prime minister's new adviser, 'Amos Rubin. Shamir spoke about lowering the rate of inflation, curtailing government interference in the economy, not granting additional incentives to industry, not closing the domestic market to competing imports, and lowering taxes. This policy was stamped with the slogan "Zionist economy," taken straight from the new adviser's school of thought.

Rubin, 48, and a native of Tel Aviv, is an economy graduate of the Hebrew University; for 2 years he worked for the Economic Planning Authority, and since 1964 has been employed in the research department of the Bank of Israel. From the very beginning of his carrier 'Amos Rubin was a "strange bird." He saw himself not merely as someone who writes theoretical articles, but as someone who cares and who gets involved. His first area of responsibility was the construction branch, and very soon Rubin found himself involved with the Housing Ministry. Worse than that, he found his name appearing in the press, something that is just not done at the Bank of Israel.

Normally, journalists cannot meet with rank and file economists of the bank, because they are afraid of what "people up there will say." But Rubin had managed to become the "enfant terrible" and thus the only one with whom it was possible to have a frank talk in his office, during working hours, without trepidation and without having to coordinate with the bank spokesman.

Even his worse opponents at the bank agree that Rubin is a decent man, a genuine intellectual with wide horizons, who has handled certain issues from entirely new angles.

In 1980 Rubin was appointed adviser to the governor of the Gafni Organization, and in 1981, when Moshe Mandelbaum came to the bank, he inherited Rubin, too. At the beginning Rubin thought that the new governor was listening to him, and consequently he severed his contact to the press. But after a while it became clear that the governor was not paying much heed to his adviser, and a breach

opened between the two. One year passed, then another, until in November 1984 Rubin was relieved of his job and returned to the research department.

The strange thing was that Rubin continued to sit on the management floor, was not directly responsible for anything, met with anybody he pleased, and wrote about anything he pleased--never theoretical articles or precise models, but always something closer to publicistics on economic subjects, sociology, defense, and the Jewish people.

#### Economy

It was Rubin who coined the expression "Zionist economy," and when he speaks of it he means that Israel must achieve the objective of its establishment, which is to be the home of the Jewish people. Israel must become the center of creative, original, and innovative Jewish manpower, relying on the international market.

The objective is to attract physicians, international brokers, scientists, system analysts, entrepreneurs, and undertakers who should have Israel as a basis and the rest of the world as a market.

In order to achieve this one must simply refrain from interfering, cut back the bureaucracy, and permit the speedy development of businesses by canceling the need for dozens of authorizations. Consequently, it is preferable to cut down the bureaucracy, and at the same time to discontinue the preferential treatment granted to investors--including the bonuses featured in the law designed to encourage capital investment.

In his view, it is not a healthy situation when an investor is accorded grants which distort his decisions and bonuses are financed by exaggerated income tax deductions from professionals, who are the ones we want to attract to the country in the first place.

The error is that one always looks at the group or business which is given the subsidy, but never at the thousands of people affected by the decision to grant the subsidy, the ones who do not immigrate because they simply refuse to bear the huge burden of taxes used to finance the subsidies.

Rubin would like to see a sharp decline in foreign currency regulation, to expose the industry to competing imports, to cancel capital grants and subsidies, and to lower the tax burden; in short, less government, and more free market.

#### Inflation

In Israel Rubin is viewed as the radical among radicals. For many years he has held that there is no connection between the budget deficit and inflation. For example, in order to curb inflation in July 1985 there was no need to lower the government deficit, it would have sufficed to effect an early synchronization of the rate of exchange and wages and to link them to the dollar within the framework of a package deal among the three economic factors, because the Israeli inflation is nothing but an "empty phenomenon."

In his opinion, the budget deficit is directly reflected in the balance of payments, so that if the budget deficit had not been lowered in 1985 we would have come to the end of 1985 and 1986 with a smaller surplus in the balance of payments, and that would have been all.

This extreme view is met with fierce opposition by many economists--including the author of this article. Thus, the Tel Aviv University economists look upon Rubin as a "dangerous Aridorist" who will prevent Shamir from doing what they view as the most important thing: paring down the budget.

In order to give a more balanced picture one must add that Rubin does believe that the budget must be cut--not in order to fight inflation, but in order to permit tax reductions.

#### Defense

According to Rubin, in the long run Israel will not be able to withstand the quantitative challenge posed by the Arab countries from both the viewpoint of economic burden and human lives. Also, Rubin does not believe that any significant amounts can be saved by enhancing the efficiency of the army. Consequently, any available means must be seized to achieve security at the cheapest possible price, for which there are two ways:

1. To transfer a greater share of the defense expenses to the United States, because it is currently achieving strategic advantages in the area--advantages provided by Israel--far more cheaply than in Europe, through NATO.
2. To cut back on army manpower by transforming it into an elite army using sophisticated equipment. In his opinion, there is no point in seeking to achieve a quantitative parity with the Arab countries, a race into which we were dragged as a result of the trauma of the Yom Kippur war. We need a small, elite army capable of handling sophisticated arms and ammunition, including non-conventional weapons.

It will not be easy now for 'Amos Rubin to return to the daily grind, which, considering that the main job of an economic adviser is to provide the link between the prime minister and the treasury, will involve dealing with current matters, putting out fires, and tiring discussions--a far cry from dissecting Israel's geopolitical situation.

[box on page 3b]

Dan Meridor, the Contact Man

One of the mysteries is how Yitzhaq Shamir came upon 'Amos Rubin. It is true that Rubin never belonged to Herut or to any other party, but his political

views range somewhere between Rafi and Herut. Had he been able to, he would have voted against the Camp David accords. Also, he would not return the Golan to al-Asad for peace.

Rubin believes that the West Bank is the heart of the country and that there is only one solution to it: the functional solution, in the vein of Moshe Dayan, whereby Israel and the Palestinians should learn to live together. His opinion about the Arab people is not flattering; his point of departure is that there exists a basic clash of interests between the Arabs and Israel.

However, there is also a personal aspect to his appointment. Rubin is a close friend of Leora Meridor, a senior economist at the research department of the Bank of Israel, and of her husband, Dan Meridor--the prime minister's confidant.

12782

CSO:4423/10

## BRIEFS

TECHNOLOGY TO CHINA--Although China does not have official relations with Israel, there are many quiet contacts between the two countries. An Israeli journalist visiting Beijing reported that Israel is selling sophisticated agricultural, electronics, and communication equipment to China. In order to not arouse the anger of its Arab allies, China is keeping the relations low keyed, while Israel, for its part, is trying to avert complications for Beijing. China has always categorically denied reports of secret contacts with Israel. For example, at the end of September this year it denied reports of talks between Chinese representatives and an aide to former Prime Minister Peres on the possibility of establishing diplomatic relations. Diplomatic sources say that despite the emerging ties it is not to be assumed that China will sacrifice its relations with the Arab countries in favor of official relations with Israel. [Text] [Tel Aviv HADASHOT in Hebrew 11 Nov 86 p 3] 12782

CSO:4423/10

## IRAN SEEKS TO AVERT HOSTILITIES BETWEEN AMAL, HIZBOLLAH

Kuwait AL-MUJTAMA' in Arabic 28 Oct 86 pp 16-18

[Article: "The Iranian Embassy in Damascus is Trying To End the Problem Between Hizbollah and the Amal Movement, but to no Avail"]

[Text] Many of our readers inquire about the real nature of the relationship between Hizbollah and Amal and about the conflict between them. Our correspondent in Lebanon has set out for us in this report the circumstances surrounding the explosive friction that has developed between the two sides.

The question in Lebanon today is will Iran be successful in ending the explosive struggle between the two Shiite groups? Will its ambassador in Damascus succeed in this mission?

On 2 Muharram 1407 and in the midst of intensified Shiite preparations in Lebanon to revive the memory of Ashura', shots rang out in the southern outskirts of West Beirut. People ran off in all directions and scurried from one of the "Husaynayat" occurring in the area.

After a day of violent clashes and in spite of the presence of Syrian observers in the area, the result was six dead, three from Hizbollah and three from Amal, and a number of wounded. The Iranian embassy in Beirut rushed as usual (!) to hold an emergency meeting with representatives of both Hizbollah and Amal that ended with a statement voicing regret over the incident and promising to do everything possible to prevent a repetition.

Hizbollah's account indicated that the shooting was in the direction of Shaykh Hasan 'Abdallah (a Shiite) and a member of one of the Shiite groups during a speech he was giving at one of the consolation meetings organized by Hizbollah. This forced elements of the party to return the fire and the situation unfolded dramatically. According to Amal's account, the firing was concentrated at one of the movement's roadblocks, forcing it to take the necessary precautions and summon its members in the area.

This was not the first incident of an armed clash between Amal and Hizbollah, but it was the most significant after the implementation of the security plan in the southern suburbs. It reflected the seriousness of the political and military issue between the two contending Shiite parties.

In commenting on the incident, Mahmud Faqih, the official representative of the Amal movement in the south, said: "How can some people (meaning Hizbollah) call for unity with Shaykh Sa'id Sha'ban, a Sunni, while urging the shedding of the blood of Shiites, the descendants of Imam Musa al-Sadr?"

The south today is considered the most dangerous site for a tremendous explosion between the Shiite Amal and Hizbollah, despite the cool reaction of Hizbollah circles to Amal's repressive campaign in the south against Hizbollah elements and the seizure of their arms.

#### Resolution 425 Between Amal, Khomeyni, and Hizbollah

The battle of resolution 425 between Amal and Hizbollah is still raging. Amal regards whoever is opposed to the implementation of resolution 425 as a traitor and supporter of the Zionist enemy in continuing its occupation of the south.

Hizbollah rejects the resolution on the basis of a legal opinion issued by Khomeyni which considers it illegitimate and a form of recognition of Israel and justification of its goals in suppressing the resistance and limiting its activity in striking at the Zionist heart.

Nurani, Iranian charge d'affaires in Beirut, felt no anguish when he stood up in the foreign ministry to announce vehemently his country's rejection of the resolution. This aroused the resentment of most of the Lebanese officials and diplomats because they regarded Nurani's remarks as clear interference in Lebanon's internal affairs.

The battle of resolution 425 has not as yet gone beyond propaganda campaigns. Hizbollah organizes meetings, the most conspicuous being the one in Ba'labakk, which was attended not only by Shaykh Subhi al-Tufayl from Hizbollah, but also by the Iranian ambassador to Damascus and 35 Shiite clergymen who sharply criticized and rejected the resolution and affirmed their commitment to Khomeyni's plan.

But hardly had the meeting broken up when more than half of those in attendance issued separate statements announcing their disagreement with what appeared in the general statement issued after the meeting that called for opposition to implementation of resolution 425 by force and for the expulsion of the "contingents" from the south.

#### Battles with the International Contingents

The scenario of the battle with the contingents is still threatening the early withdrawal of these forces from the south. Diplomatic sources believe the French troops may head for Jazzin in an attempt to pull open the blanket of the region after settling things in the Sidon area in order to give free rein to the Syrians to control the situation there.

The Syrians now enjoy great influence in the city where they have a number of observers eager to participate in every meeting held between the nationalist and Islamic notables in Sidon.

Colonel Ziyad, the chief observer, is eager to attend regularly the sessions of the national political council of Sidon where he dictates shamefully the directives of his leaders.

The last of the series of events leading to domination of the city by the Syrians was the appointment of a Syrian intelligence officer, Captain 'Ali, to serve as general supervisor of the security police attached to the forces of Ma'ruf Sa'd who are followers of Mustafa Sa'd, secretary general of the Nasirite People's Organization.

Other diplomatic sources are expecting that the French forces in Lebanon will finally pull out with the international contingents and that the situation in the south will become more critical, turning it into a "crematory" that will consume the forces opposing the American plan in the region. The plan calls for the imposition of special security arrangements guaranteeing the Israeli enemy freedom of action in the region among wider measures to achieve the security sought for its invading forces. The battle of the contingents was not announced by Hizbollah until now, despite the loss of more than 7 dead and a number wounded among the French troops participating in the international force as a result of bombing incidents and firing on them.

Informed sources believe that the battle waged covertly by Hizbollah against the contingents by some elements loyal to it in the Amal movement threatens to pull the rug out from under Amal's feet and demonstrate its failure to control the situation in the south and safeguard Israel's interests, thereby making any future settlement unlikely and giving free rein to the "resistance" sharing in elevation and aggrandizement.

#### Higher Shiite Interest Under Iranian Protection

In the midst of this ideological conflict, it is apparent that the two sides have been very active for some time in trying to end the crisis in their relations at a point that does not endanger what is called the higher Shiite interest in Lebanon, especially after a long period of congestion, under total Iranian protection. The first signs of this activity are not new. In fact, it has been going on for many months. In October 1985 a high-level Iranian delegation visited Beirut where it met with the leaders of both Amal and Hizbollah. It expressed concern that the regional choice developed upon a portion of the southern area to make it a stage for war between the Shiite factions (1), especially after the Tripoli card shuffle and resolution of the situation in favor of Syrian control of the city.

The Iranian embassy has spared no effort in holding meetings since October 1985 to urge both parties to improve their relations and induce them to try harder to coordinate their activities in confronting the threatening dangers (2).

The meetings between the two sides were not limited to the Beirut region. In fact, they were held in various parts of Lebanon.

A meeting was held in Banayil on 11 September 1985 in the home of Shaykh Adib Haydar, a Shiite. The Iranian ambassador to Damascus at the time, 'Ali Akhbar Muhtashimi, and two officials from Amal and Hizbollah were present. All

emerged from the meeting expressing general sympathy for joint cooperation in confronting both internal and external enemies as Khomeyni wished (3).

Prior to this "executive" meeting was a secret one between Amal and Hizbollah held on 8 September 1985 in the Iranian embassy in Damascus under the sponsorship of Ambassador Muhtashimi himself. Afterward an Amal official remarked: "The unjust campaigns against the Amal movement and its symbols are regrettable because they revealed to the masses supporting Imam al-Sadr the background of these campaigns and the treacherous hands of those financing them (4)."

#### Roots of the Explosive Struggle

There is no doubt, however, that tension is high between Amal and Hizbollah, the two Shiite parties in Lebanon. Some precedents have left their mark on the souls of both.

On 10 January 1984 clashes broke out between them in West Beirut where an armed exchange was begun by a group supporting Shaykh 'Abdallah al-Hashimi, a Hizbollah official. The shooting started in the al-Bastah quarter with one of the Amal gunmen. The fighting soon spread to al-Bastah al-Fawqa, al-Birbir, Tallat al-Khayyat, Qusqus, and 'A'ishat Bikar. The clashes left a number of dead and wounded on both sides (5).

On 26 February 1985 the situation became tense in the suburbs following violent clashes between Amal and Hizbollah in Bi'r al-'Abd, As'ad al-As'ad, 'Abd-al-Karim al-Khalil streets, al-Hujja street, Shatila and al-Shayyah where an exchange of missiles and machine-gun fire left a number of casualties on both sides (6).

On 25 June 1985 the clashes extended to the al-Khadar village heights in the northern Biqa' after a dispute between the Damrah family, supporters of Amal, and the 'Awdah family, supporters of Hizbollah. The Syrian troops intervened and separated the two adversaries. The fighting left 3 dead and 10 wounded (7).

On 26 August 1985 there were prolonged clashes in Ba'labakk because the Syrian troops helped Amal that day. Hizbollah then kidnapped several Syrian soldiers, but quickly released them after contact was made with Hizbollah leaders (8).

Early in September 1985 clashes broke out between the party and the movement in Tyre that soon developed into mutual kidnappings (9).

On 8 January 1986 the situation again exploded after one of Muhammad Husayn Fadlallah bodyguards was shot and killed. Amal kidnapped four members of Hizbollah but soon released them (10).

In March 1986 fighting resumed in the al-Bastah region after several Amal gunmen set up an artillery position in front of Amal headquarters. This prompted individuals of the movement to start firing on members of Hizbollah (11).

On 24 April 1987 there were new clashes in Beirut in the al-Awza'i district because Amal demolished 30 houses built on public property next to the fence of the Beirut International Airport. The houses were owned by supporters of Hizbollah (12).

On 30 May 1986 clashes broke out in Burj 'Ali Haydar after a private dispute between a member of Hizbollah and a member of Amal. The responsible leaders soon cordoned off the area and withdrew the gunmen (13).

As for the recent clash in the suburbs on Ashura', which resulted in six dead on both sides, it may not be the last one because the situation is likely to explode again, despite Iranian attempts to contain the disputes and unify the Shiites in Lebanon. You wonder what will happen. The coming days will tell.

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## INCREASING DEMAND FOR NATURAL GAS BOOSTS PRODUCTIVITY

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German  
17 Oct 86 p 2

[Article by W. An: "The Sultanate of Oman Continues to Invest in the Oil Industry: Because of the Growing Demand for Natural Gas, Investments to Promote and Utilize It Were Increased"]

[Text] Frankfurt--Although the Sultanate of Oman does not belong to OPEC, it likewise has declared itself prepared to curtail its oil production in the months of September and October 1986. It involves a quantity of 50,000 barrels a day (1 barrel = 159 liters) following a previous increase in production in August 1986 to 600,000 barrels a day. (See also the report on oil production in the Sultanate of Oman in the edition of 23 January.) In 1985, the Sultanate of Oman, about 84 percent of whose state revenues depend upon oil exports, achieved foreign exchange receipts amounting to 1.6 billion Oman rials (1 Oman rial is equivalent to about DM5.65) through oil exports. In 1985, production of crude oil increased to 181.8 million barrels compared with 152.4 million barrels the previous year. The country had to put up with substantial losses in foreign exchange in the first 8 months of this year, so that for this year one can only expect foreign exchange receipts that are 40 to 50 percent under those of the previous year.

Despite the reduced receipts, exploratory work is continuing in Oman to discover and develop new deposits and investments are being undertaken for drilling equipment and the transport of petroleum. The country's only crude oil refinery, which is located in the port of embarkation Mina al-Fahal, is currently being expanded by the Japanese Mitsui & Company. The contract value for the Japanese company, which is increasing the throughput capacity of the refinery from 50,000 to 80,000 barrels a day, is \$18.9 million. The operator of the crude oil refinery is the state-owned Oman Oil Refinery Company.

The construction of a large crude oil refinery for export purposes in Salalah in the province of Dhofar with a throughput capacity of 250,000 barrels a day for the refining of Saudi Arabian petroleum has been cancelled. Thus the laying of a 1,700-kilometer-long oil pipeline to by-pass the Strait of Hormuz is being deferred because of the high costs, estimated at about \$2 billion for the total project. The American Bechtel Corporation, San Francisco, had been brought into this project as an advisory firm

The country's most important production enterprise is Petroleum Development Oman LLC (PDO), in which the government of the country has a 60-percent share. The Shell Internationale Petroleum Maatschappij B.V., The Hague, has a capital share of 34 percent, the Compagnie Francaise de Petroles (CFP-Total), Paris, has 4 percent, and Partex has 2 percent. In 1985, the search for oil was quite successful for PDO. Its usable oil reserves increased by 210 million barrels and by another 100 million barrels in accordance with the more accurate investigation of the oil fields already known. Altogether the oil reserves of the PDO now amount to more than 4 billion barrels compared with 2.5 billion barrels 5 years ago. The Marmul, Amal, Runib and Nimr fields were developed in the south of the country.

The modification and expansion of the north-south pipeline connecting the oil fields with the port of embarkation Mina al Fahal is to be completed by the end of 1986. It will then have a transport capacity of about 800,000 barrels a day in the northern section. At the beginning of 1986, a consortium made up of the Italian Saipem SpA and the Greek-Lebanese Consolidated Contractors International (CCI) was awarded a PDO contract valued at \$14.7 million for the laying of additional natural gas and petroleum pipelines.

Important new deposits were discovered this year in the north of Oman in the area of Yibal. There the firm Brown & Root (Singapore), a company held by the American company Brown & Root, Houston (Texas), was entrusted with the planning of natural gas collection centers. Another important deposit was detected in the south near Zahra.

The Consolidated International Petroleum Corporation (CIPC) registered in Geneva has recently discovered oil in the Arabian Gulf to the west of the peninsula Musandam, where the development drilling Bukha-2 was successful in the offshore area. The concession partners of the CIPC here are Wintershall AG, Celle/Kassel, the British firm Cluff Oil, and the American firm Placid Oil Company. CIPC also holds a 4.8 million-hectare concession on the Batinah coast in the east of the peninsula Musandam.

In August, the British Petroleum Company Ltd. (BP) was supposed to begin utilizing the development drilling Montasar-2 near Nafal in the vicinity of the Saudi Arabian border. BP has also already undertaken very promising seismographic testing to the northeast of Salalah, where other concession partners are Deminex-Deutsche Erdolversorgungsgesellschaft GmbH in Essen, the Italian company Agip SpA, the Spanish firm Hispanoil, and the American company Union Texas. Japex Oman, which is 85 percent owned by the Japan Petroleum Exploration Company, wants to determine within the next 6 months whether the two development drillings in Wadi Aswad can be utilized commercially. Occidental of Oman, a subsidiary of the American company Occidental Petroleum Corporation, Los Angeles, intends to resume exploratory drilling before the end of this year. It expects a production potential of 15,000 to 20,000 barrels a day in its Sunainah concession.

In 1984, the growing demand for natural gas induced the PDO to begin the search for and development of pure natural gas deposits. Promising finds have already been made. The reserves now known would be sufficient to ensure the current domestic consumption over a time span of about 50 years. The

production of gas accompanying the drilling of petroleum increased by 29.5 percent in 1984 over the previous year and by 3 percent in 1985. It was thus possible to reduce substantially the useless burning off of gas. In June 1986, the Italian enterprise Technipetrol was entrusted with the planning of three natural gas collection centers and the connection to a central compressor station in the above-mentioned new field at Nimr.

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EMIGRE JOURNAL ATTEMPTS TO EXPLAIN OIL MINISTER'S OUSTER

Paris AL-MUSTAQBAL in Arabic 22 Nov 86 pp 28, 29

[Article: "The Full Story on Ahmad Zaki Al-Yamani's Dismissal"]

[Text] The dismissal of Mr Ahmad Zaki Yamani, the Saudi oil minister, has stirred journalistic and economic turmoil in the Western press and the OPEC organization countries alike. An official explanation of the truth of what went on and the reason for the dismissal of Minister Yamani, whose importance was in reality no greater than his representation of his country, the biggest and most important oil producer in the world, has been necessary. In the face of this journalistic turmoil, which has ranged far in the course of the disclosure of Yamani's story, AL-MUSTAQBAL is offering the truth of what led to Shaykh Yamani's dismissal here.

It has been noted that officials in the Saudi capital have not given any great attention to the campaign of "feigned sorrow" over Ahmad Zaki Yamani's dismissal from his position as minister of petroleum which some Western newspapers and media have led.

While the Western media campaign of "feigned sorrow" raised dozens of questions and conjectures over the reasons for Yamani's dismissal, portraying him as a "victim," observers in Riyadh were not amazed or surprised by this dismissal, because they know that it occurred as the result of a group of mistaken acts and assessments by the former oil minister which made him seem as if he was "not in conformity" with the kingdom's oil policy and its strategic goals. This was clearly apparent in the course of the recent OPEC Geneva meetings last October.

Everyone knows that Saudi oil policy's important strategic goal is to realize the national interest and the interests of the OPEC countries by creating a state of stability in oil markets in terms of pricing and output. Therefore, when OPEC was subjected to any crisis threatening its survival and cohesion, Saudi Arabia would take a position which would save the situation before things reached a point of no return. These goals were behind many Saudi oil and political positions, and this was repeatedly the case. In the early part of the eighties, when the great shortage in the volume of oil production almost led to an international economic crisis, Saudi Arabia

raised its volume of oil production to about 11 million barrels a day, bearing international responsibility to keep the world economic situation from deteriorating. In addition it did not want OPEC to face a hostile reaction from the industrial countries.

In early 1983 when OPEC's share of production started to decline sharply in the world markets, as a result of what Saudi Arabia had been warning about, when the severe rise in oil prices led to a drop in consumption and the industrial countries' success in their plans to save consumption, a responsible Saudi position took form in the course of the March 1983 London OPEC meeting, by virtue of which Saudi Arabia made a sacrifice when it agreed to be the "swing producer" by defining its volume of production in accordance with the fluctuations of supply and demand in the markets. On the basis of this sacrifice, the kingdom sustained great losses with respect to production. Its production volume dropped to close to 2.2 million barrels in summer 1985, leading to a perceptible drop in its revenues.

The goal in the decision the higher leadership in the kingdom made on accepting the sacrifice was to restore OPEC control over the world oil markets, and the former Saudi oil minister, by his assessment, considered that accepting the role of swing producer would work to preserve OPEC's overall production floor, which at that time was set at about 16 million barrels a day.

While the goals of the entity, the kingdom, in adopting the decision to make a sacrifice were sound, the estimates Ahmad Zaki Yamani set before his leadership to accept the role of swing producer were not. Some oil-producing countries such as the countries of the North Sea (Britain and Norway), in addition to Mexico, greeted the Saudi sacrifice of reducing production by increasing their volume of production and flooding the market with massive quantities of oil excess to its needs, and these countries thereby helped some OPEC countries, which also increased their production and gave large discounts on the prices of their oil.

The market-flooding policy, in the face of which the great Saudi reduction in output was of no avail, created severe pressures on OPEC which caused the oil markets to witness great transformations and greater chaos. This led to the outbreak of what was called the price war, which was connected to the name of Ahmad Zaki Yamani, who considered that entering into a price war with producers outside OPEC would work toward OPEC's restoration of its fair share of the oil markets. The kingdom agreed to enter into this war, in accordance with Yamani's assessment, with the goal of OPEC's regaining its power and arresting the prevailing state of oil chaos. However, this policy led to a sharp decline in oil prices and brought the per barrel price to less than \$10, and the producing countries flooded the markets with oil while their strategic reserve was not affected, though Yamani's assessment had held that a price war would work to end the industrial countries' strategic oil reserve and would lead to the inability of the producing countries outside OPEC to sacrifice their strategic oil reserves in order to sell them at low prices. However, in practice something different from that happened and the OPEC countries lost many of their revenues. Thus the severe collapse in oil conditions continued, in a manner which started to threaten OPEC's destiny and future.

The suspension of the price war which OPEC waged on the basis of incorrect assessments started during the OPEC meeting last August, producing a temporary agreement to reset the production level and redistribute shares. The suspension by OPEC ought to have been resolved at the most recent OPEC meeting in Geneva last October, but in the face of the modest improvement in demand and prices, some member countries began to demand a review of the quota shares stipulated for each of them. The kingdom was one of the countries which demanded a review of its share volume, and this issue of quotas brought the Geneva meetings into pandemonium for more than 10 days, threatening the meetings with failure and OPEC's destiny with collapse, until the Saudi position, which was responsible once again for saving the meetings and saving OPEC, emerged. The famous Saudi government declaration was issued last 16 October in the Geneva meetings, declaring Riyadh's readiness to extend the applicability of the temporary August meeting and acceptance of the share this agreement had specified for Saudi Arabia, which was 4.3 million barrels a day -- on a basis, however, where the member countries would agree to a unified per-barrel price which was no less than \$18.

The directives the Saudi government gave to its oil minister requested of him the need to concentrate on the issue of settling prices and defending this situation regarding which the Saudi government considered that it would serve the interests of the oil-producing countries. However, Riyadh was surprised to find that its oil minister, who was supposed to have committed himself to his government's position, was not doing so, indeed was basically not committing himself to it. The OPEC oil ministers meeting in Geneva were surprised to find that Ahmad Zaki al-Yamani had failed to attend the session in which they were supposed to have discussed the subject of prices. It seemed that al-Yamani deliberately stayed away from this session so that he would not be committed to the directives and instructions of his government. This was confirmed through the instructions he gave to his assistants who did attend this meeting in his place, where he indicated to them to show flexibility on the subject of price stabilization and a lack of commitment to his government's recommendation. Therefore, the OPEC ministers decided to form two committees:

First, a tripartite one on prices.

Second, the quota committee.

The formation of these two committees led to the dilution of the position and postponement of the review of these two issues, that is, the issue of prices and the issue of shares, to the coming OPEC meeting in December; this would lead to a state of chaos in oil prices in the world oil markets in the last 2 months of this year, until the next OPEC meeting.

Some observers say that al-Yamani, through his position, was aiming at a reduction in oil prices to less than \$10 per barrel. That, in turn, would serve the oil brokers and the exploitative oil companies at the expense of the interests of the oil producing countries.

However, al-Yamani's dismissal and Saudi Arabia's reaffirmation of its position that it was necessary to establish prices at the level of \$18 per

barrel -- a position which all OPEC countries subsequently adopted -- prevented the collapse oil prices would have experienced during these 2 months.

Therefore, the Saudi capital rebuked its oil minister for his refusal to confine himself to his government's directives to concentrate on making a success of the Saudi recommendation which called for the realization of a unified agreement over prices. The government presented this recommendation as a final solution which would save OPEC, instead of the tranquillizers it had been taking through temporary agreements which changed with each meeting, according to the conditions of the market.

Therefore, Ahmad Zaki al-Yamani's dismissal from his position was not strange in Riyadh. Shaykh al-Yamani was responsible and was a man of delicate, sensitive responsibility. If his name was synonymous with that of OPEC, that was only because he was an oil minister in the Kingdom of Saudi Arabia, the foremost oil producer, and not an oil minister in a country that was a marginal producer. When the light shone on Shaykh Yamani at every oil meeting, that was because of the importance of his country, which he represented. Therefore, when Yamani was excused from his position as oil minister, like any Saudi official excused from his responsibilities in the past, that was because what was of concern to Riyadh was the country's status and the people's interests. When Yamani was oil minister, he derived his importance from the importance of his country's positions and its political and economic weight throughout the world. Political observers in the Saudi capital know full well that the former Saudi oil minister, whom the Western press sought to put in the limelight following the famous decrees of the late Saudi monarch King Faysal Ibn 'Abd-al-'Aziz in 1973 embargoing oil from the West and raising oil prices, played no part in these decrees.

Informed observers in Riyadh know that Ahmad Zaki Yamani played no part in the Saudi government's decree to assume ownership of the Aramco company and buy the American companies' shares in it, as some Western media tried to "spread the rumor." Rather, this decree was a political one which the kingdom's higher political leadership took when it considered that the interests of its country and its people required such a decree.

When the Saudi minister of the interior, Prince Nayif Ibn 'Abd-al-'Aziz, in the course of his visit to Paris at the end of last month, replied to journalists' questions on whether Yamani's dismissal meant the creation of a change in Saudi oil policy, the Saudi official asserted, in his reply, that the kingdom's policy of preserving the interests of the OPEC countries and its national interests in restoring stability to the oil markets was firm and would not change. Through this answer, the major Saudi official was expressing the true nature of the strategic goals of the kingdom's oil policy, a strategy which is not founded on an individual but is set out, rather, by a government which has institutions. When Saudi Arabia raised the issue of price stabilization as a way out of the OPEC dilemma, that was to assert its policy, which was aimed at OPEC's restoration of its control of the world oil markets. While the kingdom's demand for price stabilization meant a new oil stage, this stage was not connected to the dismissal of Ahmad Zaki Yamani or the appointment of another person, but meant a Saudi insistence on saving oil conditions once again.

That is what the OPEC trilateral price committee carried out in Ecuador this week in adopting the Saudi recommendation which came about in the interests of the OPEC countries and in the face of fluctuations in prices. The mistake the former Saudi oil minister made is therefore clear. The termination of the Saudi oil minister's services was natural, because it was strange that Ahmad Zaki al-Yamani should ignore his government's positions and hold to his erroneous opinion. The question which arises among OPEC countries has been, in whose interests was the former Saudi oil minister's insistence on his view on the formation of the quota and price shares?

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## DEVELOPMENT OF DOMESTIC TOURISM INDUSTRY URGED

### Efforts to Attract Investment

Jeddah AL-TIJARAH in Arabic Jul 86 pp 6-11

[Article: "Tourism and Lost Investment:"]

[Text] A Saudi citizen might ask, "Is tourism in my country a successful investment and commercial activity or a strike into an unknown and uncertain future?"

To answer such a question, we must make several suggestions. We have to think about what we lack in the field of tourism, especially with the great number of natural sites with attractive views and a pleasant climate. There are areas in the southern part of the kingdom with a high elevation, and the climate there makes them a verdant paradise.

Why not prepare an investment plan for recreation grounds, parks, and resorts in order to encourage citizens who are looking for a breath of fresh air to consider their own bountiful country? Many of us do not know the cities, villages, or high peaks which touch the sky in our country, but we are very familiar with the Hawaiian Islands, the Bahamas, and so on. Meanwhile, we have the cities of Salih, al-Akhud, Ha'il, Abha and 'Asir.

The question which arises is how can we develop our concept of domestic tourism? How can we develop this latent wealth to lay a foundation for trade, investment, and economic and social gains for the citizen above all?

#### The 'Asir Region

The 'Asir region has made great progress in various fields, especially tourism. 'Asir is considered one of the most beautiful regions, as it is blessed with beautiful natural surroundings. The state has worked to embellish the region of 'Asir and build recreation grounds. One of the most well known is the 'Asir National Park which covers 455,000 hectares and stretches from the Red Sea coast in the west to the summit of Jabal al-Sawdah in the east. It has five different kinds of environments--the coast, the Tihamah, the coastal plain, the mountain declivities,

elevations, and plateaus. The park rises gradually from the sea coast to an altitude of 3,484 meters in a band 60 to 240 kilometers wide.

#### Work Plans

The traditions and customs of the kingdom have been respected in the designs and plans for facilities in the various areas of the park. The first stage has focused on areas of high elevation where climatic conditions are suitable for summer vacationing and recreation. When plans for facilities were being drawn up, care was taken that they be in harmony with the environment, construction materials, and local style. Facilities both completed and planned in the park are the visitor and information center in Abha and the park administration building. Work will begin in the areas of al-Sawdah, al-Qar'a', al-Hadabah, and al-Shuqayq during the second stage. These places of high elevation have excellent natural surroundings and climatic conditions. Annual rainfall varies between 300 and 450 millimeters and comes mostly in summertime. Summer temperatures range between 20 degrees centigrade at midday and 15 degrees centigrade the rest of the day and night.

#### Diverse Vegetation

These sites have abundant and diverse vegetation. They also have many species of animals and nearly 300 kinds of birds, including almost 30 varieties of predatory birds.

In view of the above mentioned natural conditions which favor the 'Asir region, the state has worked on the tourist sites previously noted, and they have become suitable summer vacation and recreation centers.

#### Jabal al-Sawdah Summit

The summit of Jabal al-Sawdah is located approximately 25 kilometers from Abha and is more than 3,000 meters above sea level. It is adorned with dense trees, making enticing natural forests which receive the greatest amount of rainfall in the kingdom. Asphalt roads, parking lots, passageways to view the sites of nature, bridges, picnic tables and benches, grills, restrooms, and an information and communications office have already been built. All these facilities have been equipped with sanitary installations and electricity.

Certain sites have been selected to house telescopes for viewing the magnificent surroundings of Tihamah, al-Awdiyah, and neighboring villages.

There is the Abha Hotel (Intercontinental) in al-Sawdah which is considered to be one of the world's finest.

#### Al-Hadabah Park

Al-Hadabah Park is toward the southeast, 15 kilometers from the city of Abha, and covers approximately 10 hectares. There one can see the

biggest birds in the 'Asir areas. They have built their nests in mountain crevices and rocks. Dulfan Park is approximately 27 kilometers southeast of the city of Abha and covers 440 hectares, cut in two by Wadi Dulfan which is lined with acasia trees.

Because this is a region of vast spaces with many sites, it has been furnished with broad facilities, including asphalt roads, parking lots, picnic tables and benches, natural trails, large playgrounds, camping sites furnished with water, electricity and small stores, two communications and information centers, and restrooms. The al-Qar'a' Park is 4 kilometers away. It is the last of the developed sites at present in the 'Asir National Park. This park covers approximately 420 hectares and is scattered with junipers which may be more than 150 years old. The topography of this site includes level areas as well as rocky hills. It has all the requirements for tourism, as do the other sites.

#### Developed Tourist Areas

There are many attractive nature sites explored by many vacationers and visitors. One of these is al-Jarah, 10 kilometers south of al-Qar'a'. It is a quiet park at an elevation of nearly 8,000 feet and from the west overlooks the Tihamah slope.

There is also the region of al-Hiblah which is nearly 52 kilometers from the (Sahn Timniyah) road in al-Wadiin. It is a village in a bottomless chasm, and the road to it is like a mountain ladder. On the Abha-Ta'if road there are many famous natural forests, including those of Hadwah, 9 kilometers from Ithnayn district in al-Lasmir. It has 5 square kilometers of dense forests overlooking Tihamah.

#### Al-Dihna' Rapids

The al-Dihna' rapids are located on the same road 110 kilometers from Abha, near Tanumah. These rapids flow into a small lake which feeds Wadi al-Akhdar where one can stay and sightsee.

With regard to ancient ruins, there are many drawings and engravings on rocks and the walls of caves in this area. Most of them date to pre-Islamic times.

#### The Jarash Ruins

Among the most important remaining ancient ruins are those of Jarash, on the left-hand side of the Khamis-Najran road. They contain remnants of the architectural style left by the inhabitants (the Yashkuri). Huge, bright stones were used in construction. There are many drawings and some tools there. Another ancient ruin is the region of the al-'Arus elevation, 5 kilometers from the village of al-Darah, on the left of the Abha-Khamis road. It is a long, rocky elevation with drawings, paintings, and Thaemudic writings. The most prominent one is the drawing of a bridegroom on a camel litter. There are other pictures and some fortresses,

castles, and mosques built throughout the area in Ottoman times. There are also some ruins on the Fil Ibrahim road

#### Various Hotel Services

In the region of 'Asir there are numerous hotels, including the Abha Intercontinental Hotel and three first-class hotels--the al-Buhayrah and the al-Sarawat in Abha and the Khamis Frontel in Khamis. In the region there are also three second-class hotels, five third-class hotels, and the touristic village of Bahis. The latter is a complex of furnished villas with a superb restaurant, park, and playgrounds.

There are four hotels under construction. One is first-class and the others are second-class.

In addition, one can rent both furnished and unfurnished apartments during the summer. There is also a student hostel and a youth hostel run by the Department of Education and the Office of Youth Affairs. All other services are offered in the region, including banks, restaurants, Saudi Airlines offices, travel agencies, and telephones and communications, just as they are in the rest of the kingdom.

#### Sports Clubs and Centers

As far as sports and recreation fields are concerned, there are a number of sport clubs in the 'Asir region which give both their members and visitors the opportunity to pursue certain sports and hold evening discussions and social gatherings. There is the al-Wati'ah Club in Abha and the Damak Club in Khamis. A huge sports center in the al-Mahalah region between Abha and Khamis has a large soccer field where matches are played. It also has facilities for other sports and a youth hostel equipped with a conference room, a library, and a first-rate recreation room.

#### Cultural Libraries

On the cultural level, the region has two public libraries, one in Khamis and the other in Abha, run by an elite group of officials involved in culture and science. They welcome visitors who may spend their leisure time reading and studying. There are also the libraries of specialized academic institutions such as the College of Education, the College of Shari'ah and the Arabic Language, the Scientific Institute, and the Literary Club of Abha. This latter club is a beehive of literary and cultural activity with literary, cultural, and social evening functions. It is one of the pillars of the development and encouragement of popular folklore in all its forms. It recently received first-place ranking among literary clubs throughout the kingdom for the second year in a row.

#### Tourism in al-Bahah

Al-Bahah is a tourist area which has a beautiful climate, attractive natural surroundings and dense forests covering its high mountain peaks. It is nearly 2,500 meters above sea level. In the past few years this region has undergone amazing development visible to any visitor. Rain falls toward the end of spring and the beginning of summer and makes the land both fertile and arable.

Officials in the province are making great efforts to develop the touristic areas and provide them with services for summer vacationers who come every year. They have opened roads leading to these parks near the city, asphalted them, and installed lights. They have also equipped these parks with essential services. They have walled in cemeteries and built a municipal building and slaughterhouse.

#### Execution of New Projects

Work is currently underway to implement the project to asphalt, pave and light roads. It includes the planned circular al-Bahir road, al-Khizan street, and the planned Bani Farwah street. Street Number One which goes to Diwar al-'Aqabah will be extended at a total cost of 10 million riyals. Work will be finished within 2 months. A project for the temporary asphaltting of roads is also underway. It includes the touristic al-Qayyim road, Dar al-Jabal road, beginning at al-'Umdah and going as far as the Bani Zabiyan road, and the Bani Hiddah road which links with the Abha-Ta'if road. There are also the streets of Mahdarah, al-Hamdah, Bashir, al-Malad, and Hasab. Work is nearly finished on this project which costs 4.5 million riyals.

The municipality of al-Bahah has implemented the new slaughterhouse project. The slaughterhouse will begin operating soon, and it will replace the old one located in the middle of the city. A triangular park is being built by the municipality on the road leading to the al-Bahah Palace Hotel. It will cover nearly 1,100 square meters. Trees are being planted on the road located between the intersection of Kubra al-Shafa and the intersection of al-Musa and the circular road leading to the Shahbah forest, Raghdan, and al-Baridah. In addition, trees are being planted along the airport road which is 5 kilometers long.

The private sector has been encouraged to undertake touristic projects. It has been given adequate land and space to build hotels and inns.

#### Big Budget for Development of al-Bahah

Al-Bahah has obtained big development projects in past years. Large sums have been earmarked for development in all fields. Approximately 301 million riyals have been spent in recent years on projects for the asphaltting and paving of roads, expropriations, and municipal buildings. Nearly 241 million riyals have been spent on expropriations for the public good, 71.5 million riyals for asphaltting and lighting roads, and 15 million riyals for other installations such as commercial markets and

the implementation and completion of municipal projects in a number of cities and villages in the region.

As for services in the region, public bidding on a project to study drinking water for al-Bahah and Baljurshi has been announced. It is one of the projects of the Ministry of Municipal and Village Affairs. A project for sewers has been included among the priority projects earmarked in the fourth five-year plan for the region.

#### New Plan for al-Bahah

Preparation of the final draft of the plan for the city of al-Bahah covering an area of nearly 300 square kilometers has been completed. An international consulting firm specializing in city planning undertook this at a total cost of 32 million riyals. The plan came in response to city requirements with respect to local architecture, the economy and housing. The plan took into consideration the future expansion of the city and land use, whether for housing, commerce, or recreation. It focused on the touristic importance of the city and sought to develop this function in harmony with the assets which the city and region as a whole enjoy. These include thick forests and attractive views. The city is located nearly 2,500 meters above sea level. This means that it enjoys a moderate climate which attracts large numbers of summer vacationers and their numbers are growing every year.

A general committee for the growth and development of al-Bahah has been formed from all the government agencies involved. A study was made of the area and its requirements in the light of economic and population studies conducted by the Ministry of Municipal and Village Affairs. It was proposed that local committees be established to define the requirements of every complex of villages throughout the region.

#### Sports Projects

Years ago officials opened roads leading to parks near the city. For example, they paved and lighted roads to the forests of Raghdan, al-Qayyim, Shahbah, al-'Umdah, and Dar al-Jabal. Work is currently underway to open roads leading to other parks and forests. Essential services for summer vacationers have been installed at some of these forests. They include benches, tables, playgrounds, restrooms, and drinking water tanks.

The municipality has shared in encouraging the private sector by giving it sufficient land in order to build hotels and restaurants. The al-Bahah Palace Hotel, the al-Bahah Inn, and the Frontel are ready to cooperate with the private sector in building recreation projects. There are some gardens and parks which will be completed soon for summer residents and visitors and others. They will be equipped with all services such as playgrounds, places to sit, restaurants, and restrooms.

There is growing acceptance of the idea of staying in the al-Bahah region during the summer, on the part of vacationers from outside the region

as well as natives to the region who work or study on the outside. Therefore, activities must be provided for summer vacationers and residents to occupy their free time in a useful manner, through recreation, culture or sports. A committee was established to prepare a summer program this year. This committee has already proposed the program agenda.

It includes a great deal of entertainment such as folk art and poetry evenings. There will be a sculpture exhibit, and a folk museum will be set up during the summer.

#### Beautifying the al-Bahah Region

The al-Bahah region has received the cooperation and support of the private sector for projects to beautify the region. These include important projects which are scheduled for completion soon. Studies have already been conducted for a clock tower in al-Bahah. Details of the tower will reflect the architectural style of the region. The tower will be 25 meters high.

There is a tourist recreation project which will be implemented by a Saudi citizen. He has been granted the piece of land necessary for this project. Also, the Ministry of Agriculture has an integrated plan for the exploitation of the dense forests of the region.

The municipality has sought to provide public utilities and playgrounds at many sites, and there is a plan to extend them to all parks and forests.

#### Blue Lagoon Park

As for people relaxing far from tumult and din, Professor 'Abdallah al-Subhi said, "I thought of building an inn for people who wanted to rest and relax, far-removed from their personal and public activities. I began by requesting a license to build the Blue Lagoon Park on a lake by the coast. I set several goals, the most important being for the citizen to relax and live in an atmosphere which is not the usual one he is accustomed to, in the midst of tumult, din, crowds, and fast traffic.

"I prepared everything for the comfort of the summer vacationer and tourist. I created sites for them to enjoy the pleasant climate of the sea, with different types and makes of boats for them and their families. These boats are comfortable. They are not dangerous and they are not exposed to the waves of the sea."

#### Tourism Remains in its Early Stages

Professor al-Subhi added that tourism in the kingdom remains in its infancy, despite the progress made in the region and noted by every citizen in all sectors and domains.

However, interest in tourism has not been taken seriously in studies by the private sector and businessmen, despite the activities of certain people in this domain.

Professor al-Subhi says, "A tourist project in our beautiful areas like al-Ta'if, al-Bahah, 'Asir, or along our long coast, will be positively received by the public. At present, people want to rest from the stress of everyday activities, especially on weekends, in the beautiful areas of the kingdom. People enjoy the beauty of nature, and the means for rest and recreation are available in these areas.

"I can say that of the visitors at the inn, 98 percent are tourists, and 70 percent are Saudis. This shows that the Saudi citizen is both aware of and fond of quiet places, especially in large cities. The small areas do not need sites for rest and entertainment. One can say that the big cities even today have not been favored by tourism as they should have been. A city such as Jeddah today needs tourist recreation sites." Professor al-Subhi adds, "We want to see the day when the Saudi citizen can find the beautiful recreation center where he seeks relaxation and enjoyment, alone or with his family, within the country. He can dispense with the idea of tourism abroad and traveling long distances."

#### Protection of Summer Resorts

Muhammad 'Abd-al-Qadir al-Fadl says that all nations of the world, whether in the East or West, focus on tourist sites in their lands. "They place these areas under their care and seek to develop them continuously. The citizen in the East or West is aware of the importance of parks and attractive regions. He too preserves them. In the Arab world we have areas which do not exist in most nations of the world, but they have not received any care or attention. The citizen, for example, burns the forests, cuts the trees, and pollutes the beautiful areas. No one can sit in these places after he has been there.

"In fact, responsibility for these places is shared. First comes the information media which enter every home. The job of sensitizing and guiding people begins with the media.

"When I returned from the United States, I thought of keeping the places for relaxation and restaurants in Jeddah within the context of the common man. The idea crystalized into a plan for the most modern kind of restaurants with the most appetizing food.

"I began with the al-Diwan restaurant, and it took a great deal of my time. It was planned in the most modern style. I am sure that this restaurant is only the second in the world to be built in this style, with this architecture. The first is a famous Japanese restaurant. A young Saudi designed the restaurant with outstanding geometrical forms in the shape of a pyramid."

#### Summer Resorts Are Good for the Lungs

Tariq al-Mukhtar, director of the Bureau of Arab offices of Tourism, says that tourism stems from two factors. The first is the interest of

the state and its focusing on tourism and paying attention to it. An example is the Department of Hotels and Tourism in the Ministry of Trade. Tourism is its main concern and it guides the citizen toward taking an interest in tourism inside his homeland by employing all audio visual aids and using written material.

The second factor is the responsibility of the Saudi businessman. Just as his motherland has been good and generous to him, he too has a duty to contribute in all domains by deed and not by work alone. Tourism is an important domain close at hand, and it is profitable at the same time.

There are beautiful desert regions where man finds psychological calm which takes him back to the ancient past.

#### Tourism Is a Joint Responsibility

Professor Khalid al-Nuwaysar, owner of recreation and amusement centers on the Red Sea coast, said, "At a meeting which included Professor 'Abd-al-'Aziz al-Nuwaysar, my older brother, plus some businessmen in France and Switzerland several months ago, the latter asked the Saudi Ikhwan Company to work on entertainment centers in both France and Switzerland. They made clear to us the importance of this project from the financial point of view and explained the incentives offered by the two governments. The owner of the Ikhwan Company replied, "You, or other companies involved in tourism, want entertainment centers to be built, but they will be only in Saudi Arabia, my motherland and fatherland. I am not prepared to work on projects in Europe or America."

"He said this in spite of the profits we felt we would reap from these projects.

"I prefer not to invest in tourism outside Saudi Arabia for several reasons.

"First, I offer my country a tourist service at home.

"Second, I am exempt from taxes which I would have to pay, and my centers would have to pay, abroad.

"Third, entertainment centers abroad are not secure. They are at risk at any time. If something happens, it is difficult to obtain compensation.

"Fourth, when I begin planning any tourist project at home, I do not envisage any grave consequences of the kind which are well known abroad. The likelihood of grave consequences is insignificant to the point of being nonexistent. This is because the true and tolerant Islamic shari'ah law has been applied. It protects both the individual and society.

"We chose a beautiful site in north Abhar in Jeddah to build two recreation centers, each provided with all services. They will offer relaxation for people on weekends.

"We have designated the 'Atallah Recreation Center for Saudi families in keeping with respect for the true religion and prevailing social values. In addition, we have designated the 'Atif Recreation Center for foreign families in general. We try to include Muslim Arab families with their religious restrictions and conservative attitudes in the recreation centers for Saudi families. Naturally, they have games, gardens, swimming pools, and small markets."

#### Opinion of AL-TIJARAH

We wonder about Saudi corporations investing in tourism with all the potential which exists. In the past we have demanded that they respond in a positive manner. Why do they invest our money abroad, far from fields of investment in local tourism?

State support of such projects may be expected. Meanwhile, with the private sector not using its great potential, the businessman's interest in tourism and all its services, such as transportation, restaurants, chalets, and healthy recreation, remains inadequate.

Though we believe that some of these services are available, we think that attracting all segments of summer vacationers on the domestic scene requires a review of the prices of services currently offered.

We must raise an important question. Do we have touristic sites, in the normal sense of the term? We find an answer in the affirmative coming from all of those who are promoting domestic tourism.

We wonder about the reasons why the private sector is afraid of plunging into this field.

Information and publicity must be promoted in the media to show citizens the real beauty of their dreamland.

An amusement park for children and adults such as those which already exist in Jeddah and Riyadh must be built. It should be expanded and developed and in keeping with our traditions.

We should praise the successful measures taken by authorities in 'Asir to draw up programs and prepare folk festivals. They merit our taking an interest in them. Programming should be regular and consistent, with printed schedules distributed, or publicly announced to tourists. These well organized festivals play a role in tourist entertainment and amusement.

We should give healthy recreation its proper place, since there is no harm or loss. At the same time, recreation should not be a problem which we avoid tackling or an exaggerated attraction which is incompatible with our traditions and values.

We wonder if the officials of companies and schools and summer programs encourage people to spend vacations in our tourist areas, and if youth organizations are establishing summer camps in these areas.

We feel that the Saudi Airlines Company should increase the number of its flights to tourist areas and give certain discounts to tourists during holidays and in the summertime.

Tourist areas should be provided with traditional commercial centers and regular transport.

All these issues are urgent and should be pressed forward. If we took the amount of money spent by Saudis abroad, we could finance an unlimited number of tourist projects.

As long as these ideas are not realized, tourism in our country will remain backward. In our opinion, these ideas are the way to show off the captivating, beautiful sites in our country in a manner which attracts fans and enthusiasts.

#### Tourism in 'Asir District

Jeddah AL-TIJARAH in Arabic Jul 86 pp 7-9

[Interview with Lieutenant Governor of 'Asir District Prince Faysal Bin Bandar by Ahmad Sa'id al-Ghamdi: "Big Change in Tourism Program"; Jeddah, date unspecified]

[Text] We had to meet with someone who was following and supervising agriculture in the region of 'Asir. He is Prince Faysal Bin Bandar Bin 'Abd-al-'Aziz, Lieutenant Governor of 'Asir District. He spoke about the many great hopes and future tourist projects of the district. He made clear that investment in tourism has taken on a new dimension. This has led to the creation of new fields of investment in this vital sector.

In the following interview the prince discussed various issues and concerns relating to tourism.

#### Programs for Tourism

[Question] What are the measures and programs which 'Asir District has drafted to accommodate the tourist?

[Answer] Before answering this question, I would like to shed a little light on the history of the preparation and organization of such programs.

For 4 years, the summer activities committee of the coordinating department for touristic development has been planning and preparing programs to receive tourists during the summer. This year the committee has gone beyond its local frame of action and become associated with agencies involved in recreation programs such as the General Directorate for Youth

Affairs, the Ministry of Information, the Ministry of Higher Education, and the Ministry of Cultural Affairs. The committee has expanded and now has members in all these agencies. They are capable of making decisions which can enhance the quality and level of participation of these agencies.

All the agencies have responded in a praiseworthy manner. The activities coordinating committee has become a more effective entity than it was in the past. Certainly the tourist or resident in the region will notice a change in the quality and level of these programs and activities which we hope are making the region more attractive for tourism.

#### Rich Programs

If we glance quickly at these programs, we find that they are very active. For instance, there are meetings of young people from Saudi Arabia and the Gulf, art and sculpture exhibits by artists from the kingdom, folk exhibits, enrichment courses for the school age children of both tourists and residents, popular athletic contests and activities such as gymnastics for everyone, racing across the district, or marathons, horse races, horse shows, literary and cultural lectures and seminars, plays, evenings of singing, camps for Boy Scouts and students in general, university camps, and activities for women and families run by the Southern Women's Charitable Association. These latter include the publication of many cultural and entertainment magazines plus shows on fashion and social life in times past. 'Asir National Park also offers picnic sites, camps, and children's entertainment.

Both public transportation and hotels in the district are planning to initiate trips for tourists between cities and tourist areas. We expect Saudi Airlines to coordinate with travel agencies, tourist agencies, and hotels in the district to introduce additional flights and direct flights from Dhahran, for example, and organize group, family and student tours at reduced rates for the air tickets, the hotel, restaurants, and transportation between sites.

All these activities, events and other offerings continue throughout the summer vacation season which will begin in early Shawwal and end after the pilgrimage this year. They have been initiated in order to create the proper atmosphere for tourism sought by summer vacationers, visitors and residents, whether they are citizens of the kingdom, our brother citizens of Gulf Cooperation Council nations, or our brother workers who have come to the kingdom and live with us.

#### Saudi Businessman Has Offered a Great Deal

[Question] What has the Saudi businessman offered the region in regard to tourism, and what is the role of the district authorities in urging and encouraging them to develop tourism in the region?

[Answer] If the question means the local Saudi businessman from the area, I say with pride that he has offered a very great deal. Many businessmen

of the district have become active. Large companies have refrained from investing in tourism. These big companies have refrained from investing in tourism. These big companies and certain investors with huge capital have been afraid that investment in the district was a risk which would yield no returns. However, the contrary has proven to be true by the district businessman who has a spirit of sacrifice and belonging and seeks the public good. These qualities have made him proceed with courage, despite his modest capital, and with a desire to accept the challenge.

In Abha and Khamis Mushayt there are 13 first-class, superior, and third class hotels, plus a number of motels and inns in al-Nimas and Tanumah. Various kinds of restaurants and cafeterias are becoming widespread. You also notice that the availability of taxis and various kinds of vehicles is widespread in cities and tourist sites. There are also car rental services and mass transport. Even if the latter arrives late, it nevertheless operates with vigor. We hope that when the managers of companies make up their plans, they will consider the time factor, which they have neglected in the past, in offering services. We are looking for the widespread establishment of services in the principal cities of the district and tourist and archeological sites. How many furnished and unfurnished apartments, villas, and separate furnished and unfurnished houses in the old style are there in the city and peaceful village?

Also, there are rental services for caravans (campers), tents, and rooms and the early stages of investment in inns and chalets on the sea.

We have not touched on all of this investment or other investment in tourist related fields. The local businessman of the district has created it from nothing, through his far sightedness, perserverance, and patience. The local businessman has thus proven his aptitude and his understanding of the necessity of keeping abreast of the pace of general development which has spread throughout the kingdom. The district has received its own generous share of this development.

#### Huge Investments Required

Those businessmen and investment firms which specialize in the field of tourism and which have huge, powerful capital in the kingdom regrettably have not offered anything of significance in this industry. This industry alone can grow and have a widespread steady market. There has been only a humble beginning with the automobile services company in al-Nimas and the mass transport I mentioned earlier. We would like both of them to develop and carry out their services and spread throughout the region. We have not lost hope for an influx of significant capital, and we continue to expect investment in the important fields of tourism which still welcome both domestic and Gulf capital. These include housing, restaurants, general necessities, marketing, and recreation in Jibal al-Sirat and its abundant, beautiful forests, Tihamah, and its virgin coast. I would like to mention here that tourism in the 'Asir district is not limited to summer vacationing alone. The 'Asir coastal plain is one of the most beautiful coasts in the world and also one of the richest, most diverse, and most colorful with regard to its fascinating fungal marine

life. It can be exploited superbly so that 'Asir can become a region of tourism during all seasons--the mild, pleasant summer, gentle autumn, warm winter, and radiant, green spring. On this occasion I would like to reassure ambitious businessmen who are tempted by the idea of investing in tourism, whether in the highlands of the region or its coastal plain, that domestic tourism is an industry and trade with a widespread, very promising market under generous protection promoting both this line of investment and the national economy as well. It also promotes awareness of internal, domestic tourism among the citizens of this beloved country and among our brothers from nations of the Gulf Cooperation Council. Many businessmen and summer vacationers have begun to realize the importance of circulating locally the vast sums spent by Saudi and Gulf tourists outside the region in the international tourist market. Huge amounts of domestic capital have been invested in tourism abroad, around the globe in the East, West, North and South.

#### Role of District Authorities

The district authorities play a role in encouraging and prompting businessmen to invest by demonstrating the necessity of investing in these fields and trying to make clear the various areas of possible investment, in cooperation with the Chamber of Commerce and Industry in the district. The authorities appeal to the businessmen through direct contacts, seminars, meetings, and the news media, as we are doing in this interview. Also, the genuine businessman receives practical help in obtaining land, loans from the agencies concerned, and the installation of basic services at the investment site. However, if the authorities perceive that he is not serious or that he is behind schedule in implementation, then they withdraw this aid and support, in order not to deprive someone else, who is enthusiastic and serious, of the opportunity to join the procession of development.

#### Spreading Tourist Programs

[Question] As is known, the authorities of 'Asir District are participating in the preparation of programs and public sports and arts festivals. Why are these programs not listed on cards and distributed to summer vacationers at the entrances to the region and at markets and announced in the press, so that the summer vacationers can attend them and feel that there are actual programs to promote tourism?

[Answer] That is actually happening. When the summer activities coordinating committee finishes preparing various programs, it includes them in a schedule listing the type of event, where it will be held, the time, and the agency responsible for the event. Then your colleague, the magazine AL-JANUB, published by the Chamber of Commerce and Industry in Abha and a prominent committee member, usually prints and distributes this schedule.

In addition to the daily newspapers and magazines, several agencies also print this schedule, either in their own publications or in beautiful

printed material adorned with pictures giving a quick overview of the region and distributed either along with some of their other publications or alone. Also, it was proposed this year that Saudi Airlines contribute toward the publication of this schedule. This airlines is already expected to promote the publicity of tourist sites in its elegant and attractive publications and distribute them to travel agencies, tourist agencies, train stations, and airports in the kingdom. Here I would like to call on your respected magazine AL-TIJARAH, on behalf of the summer activities committee, to share in printing and distributing these programs in the manner you deem appropriate to the beauty of the country.

#### Cultural Center

[Question] Is there thought of an exhibition hall or an open-air theater for the performance of plays, folk dances, and artistic groups?

[Answer] I am not aware of any specific party which is building such a hall at present. However, educational and cultural institutions do have some halls, though they cannot accommodate large numbers of spectators. They were built for certain activities geared for a specific audience. However, some agencies, such as the Department of Education, have a plan which includes a large hall.

The Chamber of Commerce and Industry in Abha has such a plan for a beautiful exhibition hall. Also, the Municipality of Abha has a plan to meet the city's need for a special hall for meetings, exhibits, and ceremonies. We hope that all the aspirations of these parties will be achieved.

The General Directorate for Youth Affairs has decided to build a cultural center which will include the desired exhibition hall and theater in order to meet the need.

#### Writing a Tourist Guide for the Region

Lieutenant Governor of al-Baha District Dr Ibrahim al-Zayid added that several meetings had been held to discuss the subject of tourism and that programs approved by the various government agencies in the district had been implemented.

The first measure to be considered by the authorities was writing a tourist guide to introduce tourists to the beautiful tourist areas where they may happily spend their time, with different kinds of folk art, and all the traditional games. All the foreign communities in the region participate in this program with their folk arts. Important personalities in the region and summer vacationers of note attend. People from outside the region are also invited. There are lectures on literature and poetry evenings to acquaint the summer vacationer with the cultural aspects of the region. A play written by Professor Muhammad Rabi' was staged. Arts and sports festivals have been held. Every club organizes a separate program, including an exhibition of posters by the Zahran Club, a variety show of folk art by the Chamid Club, and so on.

There are posters showing tourist sites and water falls in the region, plus the archeological features of the area. Fortunately, there has been heavy rainfall in the area, and the visitor will behold magical nature and enticing views as far as the eye can see.

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## SYRIA

### RIF'AT AL-ASAD'S WHEREABOUTS EXAMINED

London AL-DUSTUR in Arabic 27 Oct 86 p 14

[Article: "Rif'at al-Asad's whereabouts; status of his 'Knights' discussed']

[Text] As soon as Rif'at al-Asad moved his magazine offices, managed by his son Farras, from Paris to London, he encountered the scandal of the Syrian intelligence apparatus involvement in the case of the trial of Nizar Hindawi who allegedly attempted to blow up an Israeli El-Al airline. There are those in Paris who speak of important reasons for moving Rif'at's magazine from Paris. In the forefront of these reasons also are the accusations concentrating on Syria's intelligence apparatus relationship with events which Paris witnessed and later accused the 'Abdallah family of in Lebanon.

In spite of the fact that those surrounding Rif'at are trying to portray him as a politician, the French authorities and perhaps the British, too, are still dealing with him as the Syrian vice-president for security affairs, i.e., the first responsible official for the Syrian intelligence apparatus and for what General Kan'an is doing in Lebanon. The French authorities had revealed, before the move of Rif'at's magazine offices from Paris, secrete negotiations between Rif'at and the director of French intelligence about international terrorism years ago. This information was revealed by the former director of French intelligence who confirmed that the prior truce was due to an agreement between him and Rif'at al-Asad on the heels of a long night of negotiations on the banks of the French Riviera. However, Rif'at al-Asad's current projects are beginning to differ to a certain extent from the projects carried out by the Syrian intelligence apparatus. For, in spite of his remaining the first official responsible for security in his country, Rif'at al-Asad began contemplating a "solo desert trip" in the world of Syrian politics which is full of controversies in appearance and concordance in reality. The readers of Rif'at's magazine have noticed that it has begun following a new road in regard to three issues that are considered taboo in President Hafiz al-Asad's policy: the Palestinian issue, Lebanon's crisis, and the issues of democracy and general freedom; and the linkage of these three subjects with what is going on in the Middle East and the Arab Gulf. Thus, has Rif'at al-Asad moved from his self-exile to the status of public opposition to his brother?

Experts in Syrian affairs believe that the freedom which Rif'at al-Asad enjoys in making decisions contrary to his brother's policy are not in reality more than complementary to the official Syrian policy. For example, Rif'at al-Asad's meetings with Yasir 'Arafat were not followed by any practical and serious stands and his talks in private sessions about his disapproval of Syrian policy in Lebanon or toward Iraq were no more than a "private chat" which led in reality to preserving strong strings within Arab circles which do not approve of the Syrian president's policy in the region, and to--this is fundamental--preserving channels of "financial aid" to Syria as a confrontation state. More important is Rif'at al-Asad's entrance into the enticing world of businessmen which provides the vice-president opportunities of employing his "trade" relations in the interest of the established official Syrian policy. Perhaps for these reasons Rif'at al-Asad endures "patiently and quietly" the results of that official Syrian policy regarding the Europeans without taking public and clear stands toward it. Contrary to what some people believe about reasons behind moving the offices of Rif'at's magazine to London, it occurred for practical reasons as long as the real owner of the magazine still resides in France and owns real estate in it. Moreover, he still has ambitious projects to be initiated in France.

Recently it has been mentioned frequently that Rif'at al-Asad intends to buy a local radio in Paris and indeed he has been able vis-a-vis his press manager, Khalil Ahmad, to obtain a file prepared to license him for local radio. This file was prepared by the Arab World Institute in Paris during the socialist administration. When this institute abandoned this project because of administration changes when France entered Jacques Chirac's term, the project was transferred from the Arab World Institute to Khalil Ahmad vis-a-vis special connections within this institute. Yet there was still a big obstacle facing Rif'at al-Asad. It was obtaining approval of the "Information and Communications Committee" authorized to grant private radio licenses in France. When contacted, one of its members said that the committee has not met for a long time and has not yet received any application for this matter, but as soon as it receives an application from Khalil Ahmad, Rif'at al-Asad's press manager, it will not grant him the license because it does not meet other conditions, for there must be a French party (institution or company) which will adopt this project. In addition to this obstacle, there are other difficulties, among them that the Arab ambassadors had formerly agreed that there would be an operating radio for the Arabs and thereby this council might object to granting Rif'at al-Asad a license to establish his own radio. For this reason, during a noisy meeting which was convened to settle the difference between Khalil Ahmad and the chief editor of Rif'at's magazine, many other solutions were discussed, among which were buying an operative radio station and operating behind its real owners. These ideas then developed in order to lead to contacts with some of the circles which own radio stations in France. Moreover, the idea of buying most of the shares of the commercial "Mediterranean" radio station, which broadcasts from Tangiers, Morocco, and using it to cover the North African region was discussed. Indeed, the "Sofierad" Company, which owns most of the shares of this radio station, was contacted for negotiations. This company owns, in addition to the Mediterranean radio station, most of the shares of Monte Carlo radio as it markets French television programs abroad and it is a company in which the French state owns 51 percent of its shares. In spite of the fact that officials in this company deny any contacts or knowledge in Rif'at al-Asad's

project, those in close contact with it confirm that many meetings occurred in the company's headquarters in Paris between representatives of Rif'at al-Asad and those of the company and that these meetings were set aside to discuss the financial aspects and the possibilities of exchanging the company's shares for shares that Rif'at al-Asad owns in the Mediterranean radio station, for monetary sums which will be paid on installment, and for securing priority for French programs on Syrian television. According to what the two parties agreed upon, the negotiations are still proceeding.

On the other hand, Rif'at al-Asad has been contacting the state of Luxembourg to buy four channels on its satellite to be used for television broadcasting to cover Cairo, Damascus, Beirut, Jordan, Palestine, and north Saudi Arabia and Iraq.

However, these projects led to differences within Rif'at's group, specifically between his press office, which is headed by Khalil Ahmad, and the administration of the magazine which he publishes. These differences led to the convening of a series of meetings, some of which were attended by Rif'at al-Asad, without reaching a solution of the differences, which are mostly concentrated on who will manage these "ambitious media" projects. It seems that the differences have become greater than expected for the ruling party in Syria delegated one of its leaders, who is responsible for the North African region, Muhammed al-Salih al-Hirmasi, to examine the subject closely and to look into the possibility of benefiting from the radio project directed to North Africa.

In light of this information, the question asked by observers is, who will finance these "ambitious media projects" of Rif'at al-Asad which cost more than the budget of the Syrian state? And do the "channels of financial aid to Syria as a confrontation state" suffice to finance these projects? What is certain is that Rif'at al-Asad has decided to deploy his "knights" from the ocean to the Gulf; the financing, however, is another story whose threads also stretch from the ocean to the Gulf.

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LACK OF PRICING RESTRICTIONS IN DARA ASSESSED

Damascus TISHRIN in Arabic 22 Oct 86 p 4

[Article by Husayn Qasim: "Constriction in Distributing Fresh Milk in Dara Because of Lack of Pricing Restrictions on Producers and Merchants"]

[Text] A crisis of a new type makes the people of the province of Dara suffer. It is a crisis of meeting the needs of the people for milk or yogurt. This crisis might differ from others, like the tobacco crisis, for example, or rationing some of the urgent food supplies, in that it fills the basic needs of all the people. If, for example, a child gets sick, he must take yogurt and often the medical diet is confined to yogurt; and if a man feels hungry, he is advised to take yogurt since it is considered fully nutritious, available, and cheap (formerly). In ancient times, the Arabs lived on two food substances: dates and yogurt, but these days milk and yogurt are rare substances and must be searched for in the pharmacies.

The reader might be astonished about such a black preface as opposed to the white color of the yogurt, especially since Dara is one of the provinces that yields high agricultural and dairy products due to its fertile soil and good climate for raising a variety of industrial agricultures, fodder, and others. Therefore, the possibility of raising animals is very successful and encouraging. This is true for there are in Dara a considerable number of cattle. Mr Ibrahim Qaddah, director of agriculture, mentioned to us that there are in the province 38,000 head of cattle, among which are 18,000 head of improved cows which have high yields of milk and good annual production, and 19,000 head of crossbred (Bundy) cows.

This type has regular yields and its production rate is normal. The production of cows in the provinces amounts to 34,000 tons of milk as there are in the province 350,000 head of sheep and their total production during the season is 17.5 million kilograms of milk which is only 50 kilograms per head of sheep per season. In addition, there are 70,000 head of goats that produce 7 million kilograms of milk annually at the rate of 100 kilograms per head. These figures are found through annual production records. For example, production of milk on the cattle ranch in al-Muzayrib amounts to 6.5 tons daily, produced by 600 head of milk cows. A source on the ranch has confirmed that the ranch exports part of its milk to Damascus, estimated to be 3.5 tons

per day, and supplies the city of Dara with the rest, which is 2.5 tons per day. The source confirmed that the official price of the milk is 240 Syrian piasters per kilogram. In view of these facts and figures on milk and milk products in the province, one may think that obtaining large quantities of milk in the province of Dara is very possible. But the reality is not so, for obtaining one kilogram of milk requires a person to wait his turn in front of the seller of milk who sells it discriminately or charges a high price to the buyer who cannot bargain but rather pays the price gratefully. Often the buyer has to go to the houses of those who raise cows to obtain the white gold if he can and for 400 Syrian piasters per kilogram instead of 240. The editor has conducted a dialogue with some of the producers about the reason for large differences between the official price and their own prices. They said that the price of a bag of fodder has reached 7 pounds. For this reason they found it necessary to raise the price of the product. This occurred in more than one village and city and the people wonder, if one cow gets one bag of fodder per month, how could the price be raised to more than 1.5 Syrian pounds per kilogram; and if the average production of some types of cows is 15 kilograms per cow, this means that the increase is 22.5 Syrian pounds per day which equals 3-fold the price increase of fodder for 1 full month. Is there social justice in this issue and balance between the cost of production and selling it?

TISHRIN carried this question to 'Abdallah 'Abd-al-Halim, member of the executive office of the Peasants' Union in the province, and he answered that the high cost of milk is an unquestionable reality, and it is the duty of all official parties concerned, such as directorates of food supplies, agriculture, and peasant unions, to cooperate in order to contain this crisis, keeping in mind that these prices change periodically and that the number of cows, sheep, and goats in the province, whether cooperative or not, is computable. There are 38,000 head of cattle in the province which yield 34,000 tons of milk in addition to goats' production, and we suggest that the state establish a dairy factory in the province, especially since our quantities of milk are good. That will lead to providing milk derivatives to the people with ease and facility and for good prices.

#### Interviews

In many villages and cities which the editor visited, the same talk was repeated by the people concerning the rising price of milk, contrary to cooperative pricing and its frequent rarity. The strange thing is that they were asking us not to mention names out of fear of their share of milk being cut off. Our visits to the stores were in the evening at a time that coincides with distributing milk when the women sit there for hours to obtain 1 kilogram of milk and sometimes with no luck. Mrs Umm Husayn said to us: We often wait here without any results. Then I am forced to send my daughter-in-law to her sister's house in the eastern quarter, a distance of 1.5 kilometers, to obtain what we need. Usually she returns empty-handed. Milk, as you know, is necessary for children. We do not ask about the reason for high prices because this question means continued waiting without results.

Another woman said, the seller whom I buy from always manipulates us and, if he discovers one day that we bought milk from other than him, he won't sell to us again.

In view of these facts, as one of the local people whom we met told us in front of the cooperative directorate; some of his fellow villagers do not buy milk from the seller but rather purposely buy it from the private producer after he gathers a number of his relatives and friends and gives them from his excess. This means that the owners of the cows and sheep have invented a new way of controlling prices of milk and its distribution, thereby turning their houses into stores at which they sell as they wish and for the price of 3.5 to 4 Syrian pounds per kilogram, knowing that a large number of producers refuse to sell the milk to merchants in order to earn more profits.

#### Cooperative Measures

The cooperative directorate recently strengthened its measures and sent patrols to the villages and cities. It is mentioned that a number of cooperative violation tickets were written against those who were trading the people's sustenance. But these measures did not include anyone other than the sellers and did not touch the producers. That is because of lack of cooperation among the people and the cooperative patrols. This led to the disappearance of milk from the market in many villages as it happened in Basra al-Sham where the required quantities of the product decreased and did not meet the needs of the people at all.

In a telephone conversation with the president of the office of prices in the cooperative directorate, he informed us that the comprehensive pricing schedule no 27 for 1986 has defined the prices of milk and yogurt as follows:

1. The price of 1 kilogram of cows' milk full of nutrition in the city of Dara and its villages is 255 Syrian piasters wholesale and 275 Syrian piasters for the consumer.
2. The price of 1 kilogram of cows' yogurt full of nutrition in the city of Dara and its villages is 280 Syrian piasters wholesale and 290 Syrian piasters for the consumer.
3. The price of 1 kilogram of cows' milk full of nutrition in the cities of the province is 265 Syrian piasters wholesale and 285 Syrian piasters for the consumer.
4. The price of 1 kilogram of cows' yogurt full of nutrition in the cities of the province is 280 Syrian piasters wholesale and 300 Syrian piasters for the consumer.
5. The price of 1 kilogram of dehydrated yogurt full of nutrition in all the villages of the province is 900 Syrian piasters wholesale and 1050 Syrian piasters for the consumer.

With careful reading of the schedule of prices, the reader will conclude that a margin of profit is set for the seller but the merchants and producers of milk add to this margin a large amount and this is a matter that must be fought, keeping in mind that the president of the bureau of prices told us that the producers of milk presented a complaint in which they asked to raise the price of milk. This is a matter which depends on the approval of the committee of price controls which meets periodically to define prices of cooperative items.

GERMAN FIRMS PLAY SIGNIFICANT ROLE IN INDUSTRIAL DEVELOPMENT IN UAE

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German  
17 Oct 86 p 2

[Article by W. An.: "Additional Industrial Projects in the United Arab Emirates: German Enterprises Participating in the Realization of Investments"]

[Text] Frankfurt--Although the United Arab Emirates [UAE] have also been greatly affected by the declining revenues in the oil industry, important development projects are nevertheless being carried out there. Despite their small number, they are very important for consulting engineering firms and construction and equipment enterprises in industrial nations, including the FRG. The new projects relate mainly to the development of the infrastructure (water and energy supply, transportation system, communications and hospitals) and to the establishment of industrial enterprises for which favorable marketing opportunities exist in the gulf region and in more distant regions abroad.

It was recently reported that the South Korean firm Hyundai Corporation intends, in conjunction with the Sharjah Economic Development Corporation (Shedco) in the emirate of Sharjah, to build a steel pipe plant requiring investments of 65 million dirhams (1 dirham = about DM 60). Shedco will have a 60 percent share and the Hyndai Corporation a 40 percent share of the capital (22 million dirhams) of the new Sharjah Pipe Manufacturing Company that their plant will construct in the area of Al Sajaa, about 25 kilometers from the city of Sharjah. It is expected that the construction of the steel pipe plant, which is to have an annual capacity of 72,000 tons of electrically welded pipes, will begin in November 1986. Negotiations are now under way with the Arab Banking Corporation registered in Bahrain on a partial financing of the project.

In the summer of 1986, an aluminum company was founded in the emirate of Umm al-Qaywayn, in which the government of the emirate has a 75 percent participation and the International Engineering Consultancy a 25 percent participation. It is called the Umm al-Qaiwain Aluminium Company Ltd. (Umalco) and was provided with \$25 million in capital. The aluminum works to

be built on an artificial island 2 kilometers from the coast is to have an annual capacity of 120,000 tons of raw aluminium. The overall investment outlay is estimated at \$650 million.

A gas turbine works with an installed capacity of 425 megawatts, a sea water desalinization plant (25 million gallons of potable water a day), and a gas liquefaction plant are to be built at the same time. The sales of the aluminum works, whose construction is to begin in the spring of 1987, have been largely guaranteed. The China Metals and Minerals Export and Import Company has obligated itself contractually to accept 65 percent of the production in 12 years. There is a delivery contract with the American firm Southwire Corporation for the remaining production.

In the spring of 1986, AEG Kanis GmbH, Nuremberg, and the South Korean firm Korea Heavy Industries & Construction Company (KHIC) received a contract valued at DM100 million from the Dubai Electricity Company. For the power plant portion of a sea water desalinization plant in the port area of Jebel Ali, AEG Kanis GmbH is delivering three sets of gas turbines with a total installed capacity of 330 megawatts along with the necessary auxiliary installations. Besides the generation of current, the steam necessary for the sea water desalinization is provided through the hot exhaust gases of the gas turbines in waste-heat steam generators. The generation of current is to begin in mid-1987. It is foreseen that the sea water desalinization plant with a daily capacity of 24 million gallons of potable water will be put into operation in mid-1988. The AEG Corporation, Frankfurt, supplied the electrical equipment for a gas pipeline back in 1985.

In the spring of 1986, Siemens AG, Munich/Berlin, was entrusted with the delivery of the control equipment for a sea water desalinization plant in Abu Dhabi. Also in the spring of 1986, Siemens AG was awarded contracts in Abu Dhabi in the sector of road traffic equipment for the delivery of crossing equipment and signal transmitters. Last year, after the putting into operation of a large-scale sewage treatment plant, Brown, Boveri & Cie. AG (BBC), Mannheim, was entrusted with the equipping of the associated five large sewage pumping stations. In Abu Dhabi, BBC turned over the largest antenna system built by it to date. This involves the Al Dhabbia Shortwave Center that with its 500 kilowatts is the most powerful in the gulf region.

An important water supply project relates to the laying of a water line about 80 kilometers long from the power plant and sea water desalinization complex under construction in Taweelah to the city of Abu Dhabi. The construction costs for this project, for which international advance bidding was organized in the summer of 1986, are estimated at about \$100 million. The British firm Pencil International, London, took over the consultation functions.

Hartmann Foerdertechnik GmbH, Offenbach, a subsidiary of PHB Weserhuetten AG, Cologne, was recently awarded a contract in the UAE for the delivery of the electromagnetic equipment for a grain silo with a storage capacity of 120,000 tons. Included are two continually operating mechanical ship loaders/unloaders each having a nominal capacity of 1,800 tons per hour.

In Abu Dhabi, the completion of the large Dhafra military airport project is expected for the spring of 1988. Coutinho, Caro & Co., Hamburg, and the Italian firm Bentini Costruzione Estero SpA, Farenza, were entrusted with the implementation of this project. The control over this project, for which the contract value is about DM400 million, is in the hands of Coutinho, Caro & Co. The American firm Franz E. Basil, was charged with the supervision of the project.

At the international airport in Abu Dhabi, Hochtief AG, Essen, is now constructing a maintenance and repair hangar that is to be completed in 1987. For Hochtief AG, the contract value is DM176 million. The planning office Obermeyer Gesellschaft fuer Planungen im Bauwesen mbH, Munich, took over the road planning in the area of the Abu Dhabi airport.

At the international airport of the emirate of Fujayrah, the takeoff and landing runway is now being extended by 700 meters to 3,750 meters to make possible the approach of up-to-date jumbo aircraft. The conclusion of the expansion investment is foreseen for the end of 1986. The operation and maintenance of the airport were turned over to the American firm US Airport Management Company. The firm PGA Consultant took over the consulting functions.

The awarding of the contract for the construction of a fishing port in Abu Dhabi, for which an international invitation to bid was recently organized, is expected soon. The fishing port, which is to cost about \$12 million, will include a 500-meter quay wall, a fish market, service installations and moorings for about 100 fishing boats. The British company Sir Alexander Gibb & Partners was brought in as a consulting firm.

Additional contracts have also been awarded recently in the communications area. The British company Standard Telephone & Cable (STC) was recently awarded a contract valued at \$57 million for the delivery and installation of an undersea coaxial cable between Fujayrah and the Indian port city of Bombay. The laying of the 1,900-kilometer ocean cable (1,380 connections) is to begin in the spring of 1987. The Emirates Telecommunications Corporation (Etisalat) and the Indian Overseas Communication Service are participating in this project. The Swedish firm Swedtel was brought in as a consulting company. Previously, in March 1985, a contract valued at \$45 million was awarded to the Japanese firm Fujitsu for the establishment of an undersea cable link with Pakistan. In addition, in late summer 1986, Fujitsu was entrusted with the delivery of 500 private telephone exchanges at a value of \$6.5 million to be distributed over a period of 5 years. The American firm Raytheon Company was recently awarded a contract valued at \$40 million for the delivery of military radio equipment.

In June 1986, the Canadian company Arthur Erickson Architects booked a planning contract for the construction of two main administration buildings for Etisalat in Abu Dhabi and Dubai, whose costs are estimated at \$35 million dollars each. The international invitation to bid is expected in the spring of 1987. The American firm Bechtel Corporation was entrusted with the management of the project, which also includes the installation of telephone equipment.

In September 1986, it was disclosed that the first private hospital is to come into being at a cost of \$38 million. The hospital (Dubai International) will be located in the suburb Jumairah of the city of Dubai and will have 160 beds. There are already three public hospitals in Dubai. A fourth with 374 beds, which is called Al Wasl and specializes in deliveries and pediatrics, will probably be put into operation at the end of 1986. Both hospitals were planned by the German firm Schuster & Pechtold. The domestic enterprise Al Habtoor Engineering Enterprise Company was awarded the contract for the construction of the Al Wasl Hospital.

9746

CSO: 3620/63

'ARMY ACTION' ON SIND VILLAGES CRITICIZED

Karachi DAWN in English 10 Dec 86 p 3

[Text]

HYDERABAD, Dec 9: Provincial secretary Pakistan Progressive Students Alliance Mr Ibrahim Soho has slated the alleged raids on the villages of Sind by the security forces.

Addressing a Press conference here at the Press Club he charged that law enforcing agencies had made a practice to kill innocent people on the pretext of anti-dacoit operation and added that during the MRD's 1983 movement many innocent students was also killed. He also castigated the jail authorities for torturing political prisoners.

Mr Soho lashed out at the framers of educational policies and alleged that the educational institutions had virtually been converted into jails and the Government was intentionally polluting the peaceful educational atmosphere on the alma meters. The leaders of the component students organisations present at the Press conference included Mr Talib Lashari (DSF), Siraj Sial Sindhi (ST), Abdul Jabbar (NSF), Ram Parkash (PSO), Mazhar Baloch (SPSF), Naseer Baloch (BSO) and Amanullah Baloch (PSF).

/9274

CSO: 4600/84

## MEMBERS OF SIND ASSEMBLY SAID FURIOUS OVER ARMS LICENSES

Karachi DAWN in English 10 Dec 86 p 12

[Text]

DECEMBER 9: The cancellation of arms licences issued on the recommendations of the MNAs from Sind created a furore in the National Assembly on Tuesday evening and the interior minister had to assure the House that the matter was being looked into.

The issue was raised through several identical privilege motions sought to be moved by Maulana Wasi Mazhar Nadvi, Professor Mohammad Usman Ramz, Maj-Gen (retd) Bashir Ahmad, Begum Salma Ahmad, Shih Baleeguddin and Muzaffar Ahmad Hashmi.

The Deputy Speaker of the National Assembly, however, deferred the privilege motions.

The members maintained that Deputy Commissioners of Karachi East, West and South had been directed by the Sind government to withdraw the arms licences issued recently. These Deputy Commissioners the movers added, had ordered the licence holders to deposit their arms and also the licenses with the administration. They maintained, that these also included the people issued licences on the recommendations of the MNAs.

They were of the opinion that such arbitrary actions were damaging their image and also shaking the confidence of the people in the elected representatives.

The movers pointed out that illegal arms were freely available in Sohrab Goth area of Karachi adding "one can even hire Kalashnikovs from that area". Instead of

enabling the people to defend themselves against the anti-social elements the Government was confiscating their armed licences, they maintained.

The movers also pointed out that the facility of recommending 20 licences per month has already been withdrawn from the MNAs belonging to the province of Sind while this facility was available to all other MNAs.

The decision to cancel the licences issued by the MNAs from retrospective effect, they further pointed out, would jeopardise their confidence.

Interior Minister Mohammad Aslam Khattak while making a short statement over the issue informed the members that he was "pained to hear the withdrawal of licences recommended by the MNAs". However, he clarified that no such directive had been issued by his ministry.

The interior minister informed the House that soon after he received the report, he contacted the Sind government. According to preliminary report received from Sind government, directives have been issued to some Deputy Commissioners of Karachi to review the cases of arms licences, issued to anti-social elements, the interior minister added.

He said a detailed report on the subject from the Sind government was awaited and assured the members that they would be taken into confidence on this issue.

# BENAZIR ACCUSES REGIME OF FAILING TO DEFEND FRONTIERS

Karachi DAWN in English 10 Dec 86 p 4

[Text]

GUJRAT, Dec 9: Ms Benazir Bhutto, Co-Chairman of the Pakistan People's Party, has said the Government has failed to defend the frontiers of the country and that only a representative government can resolve the present crisis.

She was addressing public gatherings at Kala Shah Kaku, Muridke, Gujranwala, Ghakkar, Wazirabad and Gujrat on her way to Lalamusa where she was going to visit the family of the Zafar Iqbal, a PPP worker killed at Lahore on Aug 14 firing. She left Lahore Tuesday morning and reached here in about eight hours.

The entire route from Kala Shah Kaku to Gujrat was decorated with PPP flags and banners. Thousands of PPP workers welcomed her at all these places.

Ms Bhutto lashed out at the military rulers for what she called abrogation of the Constitution and demolishing the democratic institutions and values. "The day is not far off when the people would throw the unconstitutional rulers out of power and regain their usurped rights," she said.

She said General Zia had divided the people in various groups and sects. About the martial law years

the PPP leader said thousands of PPP and MRD workers were lashed, sent to jail and many of them even to gallows. But the punishments, she said, would not deter the workers of her revolutionary party and that the PPP would continue its struggle to bring about a change in the socio-economic system of the country and make it a welfare state in letter and spirit.

Ms Bhutto charged Gen Zia and the regime with patronising unpatriotic elements and the secessionists. These people, she alleged, were provided arms to be used against the PPP.

She said the army was used in the Punjab and Sind for killing the people. But, she said, the troops were not used to defend the country and thus Siachen Glacier was surrendered to India without firing even a single shot.

Ms Bhutto disputed the Government assertions that fundamental rights had been restored. In her opinion, only the rights of smugglers, dacoits, profiteers and black-marketeers had been restored.

The PPP Co-Chairman will stay at the residence of Mr Aitzaz Ahsan and would meet the party workers on Wednesday. She will leave for Lahore thereafter.

/9274

CSO: 4600/84

## BIZENJO THREATENS TO SUPPORT CONFEDERATION DEMAND

Karachi DAWN in English 7 Dec 86 p 10

## [Text]

HYDERABAD, Dec 6: The PNP chief Mir Ghous Bux Bizenjo on Saturday threatened to go for confederation if the small provinces continued to be deprived of their genuine rights.

Speaking at "Meet the Press" programme of Hyderabad Press Club, he said his party supported the federal system but also wanted the provinces to have the right to govern themselves and also the right to avail their own resources.

However, he said, "We will not accept slavery" and warned that if these rights were denied then he too will raise the slogan of "confederation" like Mumtaz Bhutto. He declared, that right of self-determination for all nationalities was the *sine qua non* for preserving the unity of the country.

He refused to accept Muhajirs as a nation and added that it was a community which lived in the Punjab, Sind, and NWFP. He said that they should have the same rights in their respective areas which the other communities enjoyed. He said that those who have migrated from India to Sind were Sindhis and if any one considered himself otherwise "I strongly condemn him." But such Muhajirs who considered themselves Sindhis had same rights as Sindhis, he said.

He said that he was in favour of quota system but not such system in which the son of a wadera studied in a Karachi Grammar School but sought priority for admission and employment under quota system. He said this system should cover only those who lived and studied in the rural areas and did not enjoy the facilities available to the urban population.

Lashing out at the Government Mir Bizenjo said that even today

the country was ruled by the armed forces and warned that no General, how capable he may be, could never win a war without the support of the masses.

The PNP chief said that lawlessness in the country had become the order of the day and the smuggling of arms and narcotics particularly in Sind had become a matter of routine.

The robberies and dacoities in Sind, he said, were taking place in a planned manner and the educated youth preferred to go to the dacoits to earn their livelihood.

Mr Bizenjo said that he was certainly against the dacoits and they along with their protectors must be punished but this did not mean that the innocent people should be victimised and village after village be destroyed. He said that it was because of this factor that the Government was losing all the cooperation and sympathies of the Sindhi people.

Mir Ghous Bux Bizenjo said that the entire educational system was in crisis and the students had lost interest in the education because of the wrong educational policies. He said that the students had lost all hopes in their future and lived in frustration.

The PNP chief said that the other cause of uncertainty and sense of deprivation in Sind was that the Sindhis were being converted into a minority because of the unrealistic and erroneous policies of the Government. Quoting examples, he claimed that at Nooriabad Industrial Trading Estate and downstream mills projects all the units — about 1200 — had been allotted to non-Sindhis. Naturally, he said, the labour employed in these industrial units will also be non-

Sindhis and the influx will continue.

He pointed out that if these units had been set up in NWFP and the Punjab then the people of those provinces would not migrate to Sind. He further claimed that at Hub and Uthal the industrial units had not been given to Baluchis nor were the Baluchis employed there. He said that previously the industrial units in Sind were controlled by "Memons" but now these were in the hand of "Chanioties".

He said that if under these circumstances the people of Sind defy the authorities, then they had a right to do so. He said that hatred among various regions of Pakistan had become pronounced because of these policies of the Government. He said that Sind still preferred goodwill over other things which its people had been deprived of. He said that the problem of shortage of water in Sind has existed ever since Pakistan came into being and the cultivators confronted impossible situation.

He suggested that the experts from all the provinces should sit together and prepare a project that must ensure equitable distribution of irrigation water to the satisfaction of all the provinces. Giving his impressions on the general elections, he opined "the so-called General Elections which were held on non-party basis had sown the seeds of dissension among families and resurrected the "Qabaili and Biradari" system.

Mr Bizenjo, however, said that he was prepared to sit with the Government in any conference convened to discuss ways and means to resolve the problems faced by the people.

QMA LEADERS JOIN PPP

Karachi DAWN in English 7 Dec 86 p 10

[Text]

DECEMBER 6: The Central Vice-Chairman of Pakistan Qaumi Mahaz-i-Azadi, Mr Pervez Saleh, has joined Pakistan People's Party along with three central leaders and a number of district chiefs of the provincial branch.

Announcing the decision at a Press conference this afternoon, Mr Saleh said that despite his best efforts he could not succeed in merging QMA with PPP and therefore, decided to quit the party.

He paid rich tributes to QMA Chief Meraj Mohammad Khan describing him as an honest and dedicated leader. He said he had no differences with the party Chairman.

Answering a question, Mr Saleh said he had joined PPP because it was 'a progressive and democratic force'.

To another question, he said it was totally wrong that he had been expelled from the party. Those who also joined PPP along with him included Messrs Habib Shakir, General Secretary, QMA, (Punjab), Iftikhar Shahid, Provincial Information Secretary and Mian Hanif Tahir, Advocate, member central committee and President Sahiwal district. Besides, some district heads and seven members of Lahore council have also joined PPP.

Mr Saleh said that the formal announcement on joining PPP would be made at a joint Press briefing in Faisal Town by PPP co-chairman, Ms Benazir Bhutto and himself tomorrow.

/9274

CSO: 4600/'83

## JAM SAQI RELEASED AFTER LONG DETENTION

Karachi DAWN in English 10 Dec 86 pp 1, 4

[Text]

KARACHI, Dec 9: Mr Jam Saqi, a Hari leader of Sind, was released here on Tuesday after having been in detention for nine long years.

The release order was communicated to him by the Hyderabad Central Jail authorities through the Central Prison, Karachi, at the Jinnah Post-Graduate Medical Centre (JPMC) where he was under treatment for the last five months. The jail guard posted outside his room discontinued surveillance on him on Tuesday morning.

Mr Saqi who was arrested in 1978, was tried and sentenced by a special military court in a pamphlet case to 10 years imprisonment. Later he was also involved in another case along with Prof Jamal Naqvi, Mr Ahmad Kamal Warsi, Mr Shabbir Sher, Mr Badar Jamal Abro, Mr Amarlal and Mr Suhail Sangi. Another accused, Mr Nazir Abbasi arrested along with them had died in custody in August, 1980.

The Hari leader had completed his term on July 5 last, but was still kept under detention. Mr Saqi's father, Mr Mohammad Bachal, had filed a petition some months ago in the Sind High Court against his son's continued detention.

The petition was to be heard on Tuesday, but it became infructuous as Mr Saqi had been released beforehand.

Mr Saqi was declared a "prisoner of conscience" by the Amnesty International and his release was demanded by all the human rights bodies.

Talking to *Dawn* in a JPMC spe-

cial ward Mr Saqi said he did not expect his release considering the 'autocratic and irresponsible way' the Government had been functioning all these years.

Asked about his general health, Mr Saqi said that although his blood pressure had now become normal after such a long persistent ailment, he was still suffering from migraine. Mr Saqi looked quite pale and fatigued, but he was smiling and answered questions frankly amidst a host of his friends and Hari Committee members who came over to felicitate him on his release.

Mr Saqi said that on discharge from the hospital he would visit his hometown Kot Jhanji, Tehsil Chachro, District Tharparkar, which he had not visited for the last 16 years. Later, he planned to consult his colleagues of the Sind Hari Committee of which he himself is a member. The Sind Hari Committee comprises 35 members, with Mr Ghulam Rasool Sahito as its President.

Mr Saqi said he proposes to undertake a tour of the four provinces, meet the like-minded political leaders and exchange views with them on the advisability of convening a conference of the left-wing parties with anti-imperialism as the central theme. "Those having a nationalist outlook on Pakistan's internal problems and on the international issues will also be welcome to attend such conference," he added.

When asked whether he was hopeful of the left-wing unity even

so when attempts to bring all the leftist elements on one platform had not materialised he said he would try for the left-wing alliance — and not unity, so that the coalescing parties retained their individual identity and did not have to merge into a single party like the Awami National Party.

Mr Saqi said the left-wing alliance, when formed, would consider an action plan whereby all vestiges of the imperialist influences would be eliminated and Pakistan consolidated as a truly non-aligned and sovereign State aiming at the "greatest good of the greatest number".

In Mr Saqi's view, Mr G. M. Syed's Jeay Sind Movement, Mr Mumtaz Bhutto's Sindhi-Baluch-Pakhtoon Front and Mr Altaf Husain's Mohajir Qaumi Movement were the brain-children of Gen Zia-ul-Haq's regime and they toed its line to create division among the people and, thus, help perpetuate the autocratic rule.

To another question Mr Saqi said Mr Ghulam Mustafa Jatoi had now become "redundant" after Ms Benazir Bhutto had changed her line and started talking in different connotations.

Mr Saqi said he had opposed the 1973 Constitution on the ground that it did not provide for full provincial autonomy and, besides, had incorporated certain black laws. Even so, he added Gen Zia-ul-Haq had no right to scrap the 1973 Constitution and replace it with his own brand.

The Hari leader said the future

genuinely elected National Assembly would be authorised to affect changes in the 1973 Constitution in accordance with consensus on the quantum of provincial autonomy and the in-built mechanism to enforce autonomy independent of the Centre's influence or intervention.

On provincial autonomy, Mr Saqi was of the view that it was within the right of the provinces — be they big or small — to have full say in the affairs of not only their respective provinces but also of the country.

"The logical question is not as to how much power is to be assigned to the Centre, but ... that the provinces must have all the requisite power to administer their respective affairs", Mr Saqi said.

He reminded the people that it was not Pakistan which had created the provinces, rather it were the provinces which were already existing and which had joined together to create Pakistan.

Asked whether he believed in consistent struggle for the redemption of the democratic rights he replied: "Not necessarily; the elections were another means to effect a change in status quo, while the franchise established the right of the mass of voters to elect persons of their choice at the helm of affairs."

Mr Saqi said he stood for immediate recognition of the Kabul regime for he thought that was the way out for Pakistan to disengage itself from the superpower influence. At present a political solution of the Afghanistan problem, in his view, was not possible without direct talks with Kabul but this did not suit the American interests.

Mr Saqi said he wanted compulsory military training for all the able-bodied youth, in addition to cutting the standing army to its size commensurate with the resources and wherewithal at the disposal of Pakistan.

He was not so much concerned with the Indian troops' build-up on Pakistan's border for, he thought, India intended to put psychological pressure on Pakistan as well as on the Sikhs. "India can not afford to go to war with Pakistan as at present," Mr Saqi observed.

## TRIBAL CHIEF KUKIKHEL SAID 'LYING LOW' AFTER RETURN FROM KABUL

Karachi DAWN in English 10 Dec 86 p 3

## [Text]

PESHAWAR, Dec 9: Malik Wali Khan Kukikhel, now back home after two month's sojourn in Afghanistan where, according to both official and unofficial reports, he could attract little attention of the Kabul rulers despite the Malik's and his followers' expressed expectations, is now lying low since his return four days back.

While leaving for Jalalabad on Oct 5 he had lashed out at the Government for its alleged breach of agreement and "other provocative actions detrimental to tribal interests in utter disregard of its promises," to quote his own words. But the important thing needing mention is that in the same breath the Afridi tribal chief had told his supporters at the Torkham border that he, like any other tribesman, held firm and unbreakable ties with the soil of Pakistan and that "Pakistan and Afghanistan are the lands of his ancestors and Pukhtuns generally have a sentimental attachment with these two lands."

After crossing over into Afghanistan he felt dismayed because he was not warmly received nor was immediately rushed to Kabul. Instead he and his followers were kept at Jalalabad for an unex-

pected long duration indicating Kabul's mood which was the result of the Malik's remaining peaceful in the face of the action taken against him by the Government when his followers' houses were razed to ground last December.

Wali Khan fled to Ali Masjid in the middle of Khyber mountains but desisted commendably from firing even a single shot which was a pleasant surprise to onlookers and those who watched the Khyber situation closely in those days of turmoil. He remained in a conciliatory mood though not as conciliatory as to beg peace from authorities whom he did not like much.

"Despite everything Malik Wali Khan Kukikhel is a patriot and a well-wisher of Pakistan.

He was certified so when Governor Fida Mohammad Khan rejected the thinking that Wali Khan was anti-Pakistan. The Governor told newsmen on Monday, "there might have been some unhappy occurrences but Malik Wali Khan has never been anti-Pakistan nor shall he act in a manner which may harm the country," and this authoritative opinion is very true in case of the Malik.

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CSO: 4600/84

## KHAR'S PETITION: HEARING CONTINUES

Karachi DAWN in English 10 Dec 86 p 4

## [Text]

DECEMBER 9: A full bench of the Lahore High Court continued on Tuesday the hearing of writ petition filed by Malik Ghulam Mustafa Khar, challenging his conviction by a special military court.

Counsel for Mr Khar further elaborated that the order of the special military court under which the petitioner was convicted and sentenced in absentia, was beyond its jurisdiction. In this regard, counsel submitted that the condition precedent for trial in absentia in terms of MLR-31 was a declaration in the gazette notification duly published that the person concerned was an absconder. This declaration gave a jurisdiction, if at all, to a special military court to try a person in absentia.

The proceedings of the special military court that tried and convicted Mr Khar indicate that there was no such gazette notification before the special military court.

Furthermore, there was no declaration before the special military court as that Mr Khar was an absconder. Instead, a notification was published which only informed Mr Khar that on his failure to appear before the court, he would be declared an absconder.

The jurisdictional fact being absent, the order of the special military court was coram non judis, without jurisdiction, null and void and in terms of Article 199 of the

Constitution liable to be declared without lawful authority. Counsel quoted high authorities in support of his argument.

Counsel also emphatically made the point that the composition of the special military court that convicted and sentenced Mr Khar was improper in that in terms of the Army Act, a special military court could only consist of not less than three army officers although it was provided that any person who was a magistrate might also be a member of the tribunal.

In Mr Khar's case, the special military court constituted of two army officers and a magistrate. Therefore, the orders passed by it were coram non judis and as such null and void.

Counsel further submitted that Article 270-A at the most provided protection to cases that were null and void on the ground of malafides of fact. He drew a distinction between malafides in fact and malice in law and submitted that Article 270-A did not provide protection in cases of malice in law. He further argued that the order of the special military court that tried Mr Khar, was of no legal effect in that:

(A) The special military court did not apply its mind to the fact that there was no declaration that Mr Khar was an absconder.

(B) Mr Khar who, to the knowledge of the martial law authorities, was not in Pakistan was

directed vide a notification Dt 31 January 1979 (published on February 2, 1979) to appear on February 13. In view of the fact that it was within the knowledge of the authorities that Mr Khar was not in Pakistan a time of only 12 days was quite unreasonable and constituted malice in law.

(C) It was submitted that the M.L. authorities had met Mr Khar in London and, therefore, the whereabouts of Mr Khar were not unknown to those authorities. In spite of the above, no summons were served on Mr Khar at his known address.

(E) No attempt whatsoever was ever made by the special military court in the absence of the accused to put some questions to the process servers to find out the truthfulness or otherwise of their statements.

(F) The special military court failed to apply its mind as to whether Mr Khar was intentionally avoiding the summons. It was submitted that since Mr Khar had left the country well before the service of process on him, he could not have, by any stretch of the imagination, intentionally gone abroad in order to avoid being served with summons. This failure on the part of the martial law authority amounted to malice in law.

Counsel for the petitioner, Mr S.M. Zafar, was still on his feet when the court rose for the day.

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## KARACHI RIOTS SAID OF 'LITTLE CONCERN' IN NWFP

Karachi DAWN in English 5 Dec 86 pp 1, 19

[Article by Muhammad Ali Siddiqi]

[Text]

PESHAWAR: Karachi's so-called ethnic riots are a non-event here. Nobody's interested. Nobody asks.

Basically, there are two reasons for this. One, the Afghan situation. It overshadows all other issues. It is not an academic geopolitical issue; it is an ever-present situation at one's doorstep. It manifests itself in a number of other issues — Afghan DPs, border violations, arms and heroin smuggling, terrorism and the impact of the refugees' presence on economy, transport, house rents and sanitation.

Two, the non-Pushtoons are so few that they are not a problem. Such as there are have long since been integrated into Pushtoon society. All of them speak Pushto.

Politicians do not readily jump at every opportunity to talk about Karachi riots. PPP's Sherpao and Frontier ANP's President Lateef Afridi altogether ignored the issue, and if Wali Khan reacted, he did so because I had requested him to.

Wali Khan was muted, and it was obvious that national political issues rather than riots in southern Sind occupied his mind.

But once he spoke, he was clear in his mind that the ban on politics and political parties was the main cause for the alarming rise in parochial feelings throughout the country. The drift toward narrower feelings and loyalties, he said, was aggravated when the elections were held on a non-party basis. The elected ones, in turn, became a tool in the hands of a government that

put politics at a discount.

Those elected, he alleged, were heavily bribed by the Government. They had used only half the money. "The other half is to be invested in the next elections."

All along, during their election campaigns and afterwards, Wali Khan said, "These men had talked in terms of provinces, tribes and clans and had completely ignored national interests."

The people in big cities like Karachi and Hyderabad he said, were made to forget that their difficulties and problems were class-oriented.

Karachi, he said, wasn't the only city that had suffered from this policy. "In Lahore, there were Shia-Sunni riots engineered by the Government and in Quetta, Pashtoons and Baluch were involved in shootouts."

In Karachi, he said, the situation had been worsened by its size, by the exploitation of the workers and deprived classes by the vested interests and by the Government's failure to control the law and order situation especially the free flow and availability of arms.

The ANP President thought the administration was following a dual policy. On the one hand, it said it had transferred power to the civilian government; on the other it was saying the civilian Government had failed to maintain peace. This duality was reflected in the policies of Government functionaries who hadn't the guts to crack down on organised crime.

Khan Wali Khan said arms and heroin smugglers were so well-organised "they can deliver the merchandise at your doorstep like milk."

He said arms of all size and range and make had spread throughout Pakistan and were selling openly. They ranged from revolvers and pistols to machineguns and anti-aircraft guns.

In no other country, he said, "can you buy an anti-tank gun. But here, in Pakistan, you can even buy an anti-tank mine in Dara Adam Khel — quite cheap. And since an anti-tank mine is of no interest to anyone, you can get it for Rs. 25. You can also purchase any number of missiles, missile launchers and SAMs.

"This being the state of the availability of arms of all sorts", he said, "how can there be peace in the country? How can citizens feel safe?"

The ANP Chief said one reason for the spread of arms was the routing of supplies to Afghan Mujahideen through Pakistan, and there was a lot of corruption. He quoted General Ziaul Haq as saying as much as 70 per cent of the 500 million dollar worth of CIA arms to the Mujahideen was pilfered before they reached their destination.

"There were", said Wali Khan, "literally millions of arms in this country. This is a disastrous situation for any country. Obviously, in the process of de-stabilising Afghanistan you are de-stabilising Pakistan."

Khan Wali Khan said the smuggling of both heroin and arms involved influential people, including men in uniform.

He added, "There is a wrong impression in Karachi and elsewhere that most gun and drug-traffickers are Pushtoons and tribesmen. This is wrong. Pashtoons may be carriers but those who organise this traffic on a large scale live elsewhere in Pakistan. Recently, of the 35 names mentioned in the National Assembly of those involved in arms and heroin smuggling, none was from the NWFP.

The Khan from Charsaddah said poppy had been grown in the Frontier area for ages but had never posed a threat to the people's health. "The crucial issue is how the Government manages it. if you don't like liquor, you are welcome. But you have no right to ban grape cultivation. So if you don't like heroin — and obviously no one should — the solution doesn't lie in banning poppy cultivation. I say let them grow it, but let the Government purchase the crop".

W. li Khan said he was all for taking the harshest possible measures against heroin producers and smugglers. "I say hang them, but do not punish the innocent growers of poppy. An alternative crop is no solution, because another crop, say that of sugarcane or potato, on the same piece of land is uneconomical and gives poor returns."

Wali Khan said people in the Frontier region had grown poppy for centuries without posing any problems to anyone. "It is the induction of American-made labs and the process of turning poppy into heroin that has created this dangerous situation for the country, especially young people. "The factories are there where the Americans are."

He said both drugs and arms and ammunition had reached our colleges and universities, "and there doesn't seem any likelihood of an improvement."

The people had originally welcomed the Afghan refugees and extended their traditional hospitality to them. But there were two unwanted side-effects. "One was their involvement in politics by the Jamaat-i-Islami, especially the latter's acquisition of weapons for arming its student wings; the other

was terrorism."

The border between Pakistan and Afghanistan, he said, "is by and large open and you can't really seal it off against subversion, for if you send bomb squads to Afghanistan, you won't get bouquets, in return."

Wali Khan maintained that the Mujahideen had recently suffered reverses and that their position was weakening. "If eighty per cent of the land is in their control, as they claim, then they should go and set up their bases there. Why are they using Pakistan territory for this purpose and thus inviting trouble for us?"

He said Pakistan should solve the Afghan problem according to its own interests. "If we keep the American interests in view, then the key lies with Reagan."

Reverting to the Karachi situation, Wali Khan said he was not in agreement with the idea that the Mohajirs constituted a "fifth nationality". He said it was 40 years ago that the Mohajirs had come to Pakistan. "It would be a tragedy if they still call themselves Mohajirs. In NWFP, they are Pashtoons and have the same rights. They have come to this land on their own and they must identify themselves with it."

Mr. Wali Khan said he didn't visit lower Sind during the riots, because in the first place he was in Copenhagen attending a peace conference; secondly "it is counter-productive to tour a riot-hit area at a time when passions on both sides are high."

But Wali Khan could be humorous. He drew a parallel between the Afghan refugees now and those that came in 1947 at the time of the Partition.

Said Wali Khan, "The Frontier has a long tradition of hospitality and of accepting refugees. In 1947, we accepted Mohajirs in our midst; we accepted their king as our king; their Prime Minister as our Prime Minister; and even their language as our language.

"Now that we have Afghan Mohajirs in our midst why shouldn't we do the same? "Ignoring the first two instances that would have completed the analogy, Wali Khan asked, "How about making Pashtoon now the national language?"

## MANAGEMENT PROBLEMS AT STEEL MILLS TERMED 'NIGHTMARE'

Karachi DAWN in English 6 Dec 86 Business Supplement p I

[Article by Shaheen Sehba]

[Text]

**THE FIRST EVER** official scanning of the country's largest industrial venture — the Rs. 25 billion Pakistan Steel Mills — has revealed what was described by one expert as "a management nightmare".

"Those who have to clear the mess are horror-struck at the irregularities and financial indiscipline and wonder how could such a state of affairs be left unattended over the years by the higher ups," informed sources revealed.

The sorry picture has been painted in a report prepared on the instructions of the Ministry of Production.

The massive X-Ray operation was stated by an Inspection Team of the Ministry led by an army general in April this year and it has now submitted its report to the Ministry.

The magnitude of the damage, revealed in the report, was such that a thorough shake-up at the top level was unavoidable, "an informed source revealed.

**Who went first**

The Chairman went first as an OSD, one director and several general managers were suspended and separate probes were ordered into their role.

"The General's report went into only some of the irregularities because at the time the inspection was done, some information was likely to be withheld.

But the conclusions reached by the Inspection Team, based on whatever information was available makes the job of any future prosecutor twice as easy.

The opening conclusion reads: "Plundering of scrap / stores worth millions, CMB undertaking works at highly exaggerated estimates, purchasing stores at exorbitant prices and admitting unjustified claims of contractors, are some examples of loot. The unholy alliance between the contractors and the authorities has made corruption rampant."

It continues: "Canons of financial discipline have been flouted with impunity and fundamentals of administration flagrantly violated. Decision making, instead of being formally consultative has been unilateral and its implementation authoritarian. Under the umbrella of no accountability, the corrupt and depraved have thrived — the righteous suffer the humiliations quietly and remain demoralised."

The last para of the three-paragraph conclusions on page 89 of the 91-page report reads: "Avoidable losses of millions of rupees have been inflicted and if the present state of affairs continues, the steel mills will drown deeper into debt and never ever become profitable."

Some examples from the details gathered and reported by the Inspection Team are:

- PC-1 of the steel mills has not yet been submitted to the ECNEC and has not been approved.

- Instructions of Ministries of Finance and Production have been violated regarding capital jobs not covered under PC-1 of the project.

**Bypassing contracts**

- Six contractors were paid Rs. 35.5 million in settlement of their claims and these awards were made contrary to the interests of the Corporation. Claims of 20 companies are still pending.

- A Construction Management Bureau (CMB) was created to undertake small petty jobs by utilising PSM's own idle machinery and manpower. It undertook major jobs through contractors, purchased machinery worth crores and employed additional manpower. It violated its mandate. It spent Rs. 157.7 million on 37 projects.

- CMB bypassed all procedures for financial controls and audit.

- Inactive stock items, which numbered 286 in July 1981 valued at Rs. 116 million, have snowballed into 1113 items valued at Rs. 540 million.

- One item, Chamote powder, is stocked, enough for use for 176 years. Copper Phosphorous Alloy, is available in quantities sufficient for 126 years use. Ingot Copper Virgin is enough in stock for 12 years, Chamote Bricks are available for next 10 years. All these items cost millions of rupees.

- Stock of Manganese ore required to cover 50 days' need was available enough for 1130 days. Dolomite needed for 90 days was

available for 400 days, lump iron ore needed stock for 90 days was available for 215 days, coal (gaseous) needed for 60 days was available for 173 days and lime stone required for 30 days was available for 118 days. Ferro silicon stocks available will last nine years.

### At ten time price

- Stores deficiencies are made up either by making out store requisitions or just writing them off or making adjustment vouchers.

Purchases. Some example are:

- As many as 21,100 road reflecting studs (cats eye) were bought in 1982 at a cost of Rs. 5.7 million. Only 350 have so far been used.

- Zircon powder was purchased at Rs. 70,000 a ton, whereas its cost was Rs. 7,000 a ton inclusive of duty and taxes.

- Brush for cleaning bottle was bought for Rs. 375 each against a price of Rs. 10 each.

- Plastic washing bottle of 1000 ml was bought for Rs. 850 each against a price of Rs. 20.

- Brush for test tube was bought for Rs. 300 each against its price Rs. 5.

- Screws and nuts were purchased at Rs. 1,500 to Rs. 2,350 per kg as against Rs. 60 to Rs. 100 kg.

- One supplier was found operating under nine different names, all registered.

### Write offs galore

- Marketing department does not have any system of upto date record of inventory of finished materials. Delivery orders in many cases were issued and goods were not available in store.

- The Chairman wrote off raw materials and scrap worth Rs. 123 million without the approval of the Board of Directors. Power to write off only upto Rs. 10,000 worth of goods is provided in rules.

Besides these details, the Report deals with other aspects also including administration, labour-management relations, medical bills, transport, etc., and in all these, already to the findings in the report, a herculean effort would be needed to put things right.

Experts say the contents of the report raised some basic questions about the manner in which huge public sector bodies are being run by bureaucrats who are sometime running financial ministries and at others doing administrative jobs and then running technical giants like the PSM.

But more surprising for the experts is the casual manner in which the misdoings are handled by the political hands of the ministries.

Remarked an expert: "In the present climate when accountability is being done in other sectors like the Commerce Ministry, brushing aside PSM matters would be counterproductive."

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CSO: 4600/83

## DELINKING OF RUPEE: LONG TERM POLICY URGED

Karachi DAWN in English 6 Dec 86 Business Supplement p III

[Article by M. B. Naqvi]

[Text]

IT IS ABOUT time to review the results of the five-year old initiative to float the rupee. Indeed, it was not a proper float. For, it was not left freely to find its par value as a result of market forces.

It has been definitely managed by the government. Five years is a fair amount of time to review the results of a policy, if indeed it can be so called.

Two results are obvious; first, the trend in the par value of the rupee has shown a clear slide downward for all these five years with no exception. The rupee's benchmark in 1981-82 was Rs 9.90 per US dollar.

For convenience sake, the year 1982-83 should be taken as a very representative year because the new managed-floating arrangement came into operation in January 1982, half year before the year began, though the foreign trade figures for 1980-81 should be taken as those that must have forced the authorities to devise the new policy.

The rupee's value has described a downward curve that is quite steep. Thus from the benchmark of \$1 being Rs 9.90, it became in Jan '83 Rs 12.78 to a US \$, Rs 13.57 to a US \$ in Jan '84, Rs 15.43 per US \$ in Jan '85, and was Rs 15.98 to US \$ on 1.1.86. By 20.11.86 it had become Rs 17.25 per US \$. As one noted, the estimates are that the slide in Rupee's value vis-a-vis US \$ is likely to continue, although its

speed (in comparison with the rates of past falls) cannot be too certain.

## Trade balance

Second criterion cannot but be the textbook one: a decline in the currency's par value should encourage exports and discourage imports. For the purpose the benchmark figures would be those of the foreign trade during 1980-81. (It were these that compelled the change in policy). The notable thing about that year's foreign trade was the balance of trade deficit. The country imported goods worth about \$5.63 billion while the export earnings were no more than \$2.764 billion, or less than half of the imports. Let us see what is the position in the succeeding years.

It will be best to see the succeeding years' figures at a glance:

Year	(in \$ billion)	
	Imports	Exports
1982-83	5.616	2.989
1983-84	5.993	3.24
1984-85	5.937	3.462

The year 1985-86 has ended only six months ago. Final figures of the foreign trade are not yet in. However, what is informally known, quite credible though, is that the imports figures as well as these of exports are not too different in range from those of the preceding (1984-85) year.

As for the current (1986-87) year, it is too early to forecast the results but the export level of \$3.3 to 3.4 billion would be reached while

the imports too would stay at approx \$6 billion level. The secret of this 'happy' state of affairs is the recent picking up of cotton prices while international prices of oil and edible oil remain, and are likely to remain, depressed.

The question has to be asked that it is mighty strange that while the rupee has kept sliding down, the economy managers could neither push the exports much above the \$3.3 billion from \$2.74 billion level nor noticeably depress the imports level of \$5.9 billion. What happened to the textbook wisdom of depressing the par value means depressing imports and at the same time promoting exports.

## Textbook wisdom

Pakistan has depreciated the rupee by 74 per cent in relation to US dollar over the period and 136 per cent vis-a-vis Japanese yen and yet the results are — what? While as much as \$700 million increase was recorded in export earnings at one stage, the net total increase over the whole period is unlikely to be much over \$550 to \$600 million. The gain from decreased imports can scarcely be put above \$350 million.

This is a disappointing achievement after so much cheapening of the rupee. Either the textbook maxim is wrong or Pakistan economy's structure is so rigid per se as to prevent an incentive from taking normal effect or economy is being so managed as to render nor-

mal stimuli virtually inoperative. As it is, it seems as if we have to go on running very hard in order to standstill. We would seem to be in Alice's Wonderland! What is the fact of the matter?

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But in looking for hard causes, we should not ignore one significant part of economic scene that is greatly influenced, indeed is largely determined by the currency devaluation exercises: value of external debts and the size of the burden in servicing the foreign debts.

Let us take an example: Supposing that the level of foreign debt on 1.1.86 was \$12.0 billion while it is estimated to be around \$14 billion in December 1986. Its value in Pak rupee on 1.1.86 was Rs 191.76 billion. By the end of November 1986, the value of the same \$12 billion in Pak rupee were Rs 20.7 billion.

This means a net addition of Rs 15.24 billion out of no Pakistani's actions, except the Committee that fixes the rupee's value in relation to the basket of currencies.

But that is not all. By the beginning of December 1986, the outstanding debt is now, (allowing for the underestimate of 1.1.86) about \$14 billion being equal to Rs 276 billion — thus the net addition to the debt burden during 1986 would be not Rs 15.24 billion but Rs 69 billion in which rupee devaluation's contribution would be much more than Rs 15.24 billion.

In short, the burden of debt has increased by the rate at which the rupee has gone down — due to no Pakistani worker's, peasant's, trader's, or industrialist's fault.

### World prices

It is perhaps true that, if the rupee had not continued to be devalued, the export earnings would have fallen sharply, although the country could have saved a lot of rupees on the account of imports. No one has shown how much, in near definite figures, Pakistan would have lost in unexported goods (due to high prices).

A hard look at the export-goods composition will show that the critical factor is not rupee prices but international prices of com-

modities at which we have to dispose of our commodities. Even the smallest-value added (and occasionally negative-value added) is cotton yarn and even this is sold anyhow on international prices. Only the non-traditionally export items at most depend upon their local prices. But this is a very small fraction of total export earnings.

The thought recurs: What was wrong if we had been determined stoically to keep the rupee pegged to some known category and ready to bear this loss in exports in the hope of offsetting it by the unadded debt-servicing burden while seeking to keep imports under check by some means or other?

In any case, we would have escaped the ravages of inflation caused by still-high imports at much higher rupee prices. Everyone knows that this has made our goods much more expensive — thus creating hard, radical hindrances to export promotion.

### Domestic borrowings

The constant devaluation of the rupee (74 per cent vis-a-vis US dollar and 136.83 per cent in relation to the Japanese Yen in just five years) has also increased the debt servicing burden, forcing the government to rely more and more on domestic borrowings, again causing more inflation and making exports basically uneconomic. Has this policy been wise?

The question demands a hard answer. We cannot permanently live with the continuing downward swing of the rupee vis-a-vis all hard currencies. Something has got to be done. Some longer-term policy than merely devaluing the rupee annually by 10 to 12 per cent per year is not a very clever national policy.

Anyhow, the balance of payments difficulties made worrisome by unnecessarily high debt-servicing burden — now approximately \$1.25 billion — should occasion serious rethinking about the whole business for which delinking was resorted to as a line of least resistance, or perhaps external pressures.

Integral to this search is an adequate explanation for the phenomenon of the non-effectiveness of the devaluation.

**END OF**

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